PUBLISHED IN TWO SECTIONS — SECTION ONE

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

AUGUST 1946



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Breaking Ground for $6,000 Veterans' Homes (page 33)

How's Business?—A Nationwide Survey



Banks, too, can tap a Mass Market!



If your bank is not now operating on the Bank and Agent Auto Plan, ask your local Ætna Agent for full details about this proved way to increase bank profits.

Mass production and mass marketing find their logical sequence in the extension by banks of direct automobile loans through the Bank and Agent Auto Plan.

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Just a Minute



Breaking ground for the first $6,000 GI house in Painesville, Ohio (see page 33). *Left to right*, Architect J. W. Green, Realtor M. J. Ludwig, Contractor-Builder G. B. Payne, Bankers H. R. Templeton and A. G. Tame, Cleveland Trust Company

$6,000 GI Houses

In Painesville, Ohio, some 30 miles from Cleveland, work has been started on 50 homes for veterans to sell no more than $6,000.

The Cleveland Trust Company—particularly its vice-president, H. R. Templeton—is the originator and guiding spirit of the project. But able assistance is coming from a contractor, an architect and a real estate agent, who are taking nominal fees for their services.

The story of this interesting project is told by Millard C. Faught in "A $6,000 GI House," our leading article this month.

G.S.B. Special

The August magazine is printed in two sections, the second being devoted to The Graduate School of Banking.

It's been a long time since we've published a double-barrelled number, but the material afforded by the G.S.B.'s 12th resident session on the campus of Rutgers University was too tempting.

Section 2 is the result of the day Banking's photographers spent "on the banks of the old Raritan." They were there shortly before commencement, when the 700 banker students were finishing a strenuous fortnight of classes,

(Continued on page 3)

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

CONTENTS FOR AUGUST 1946

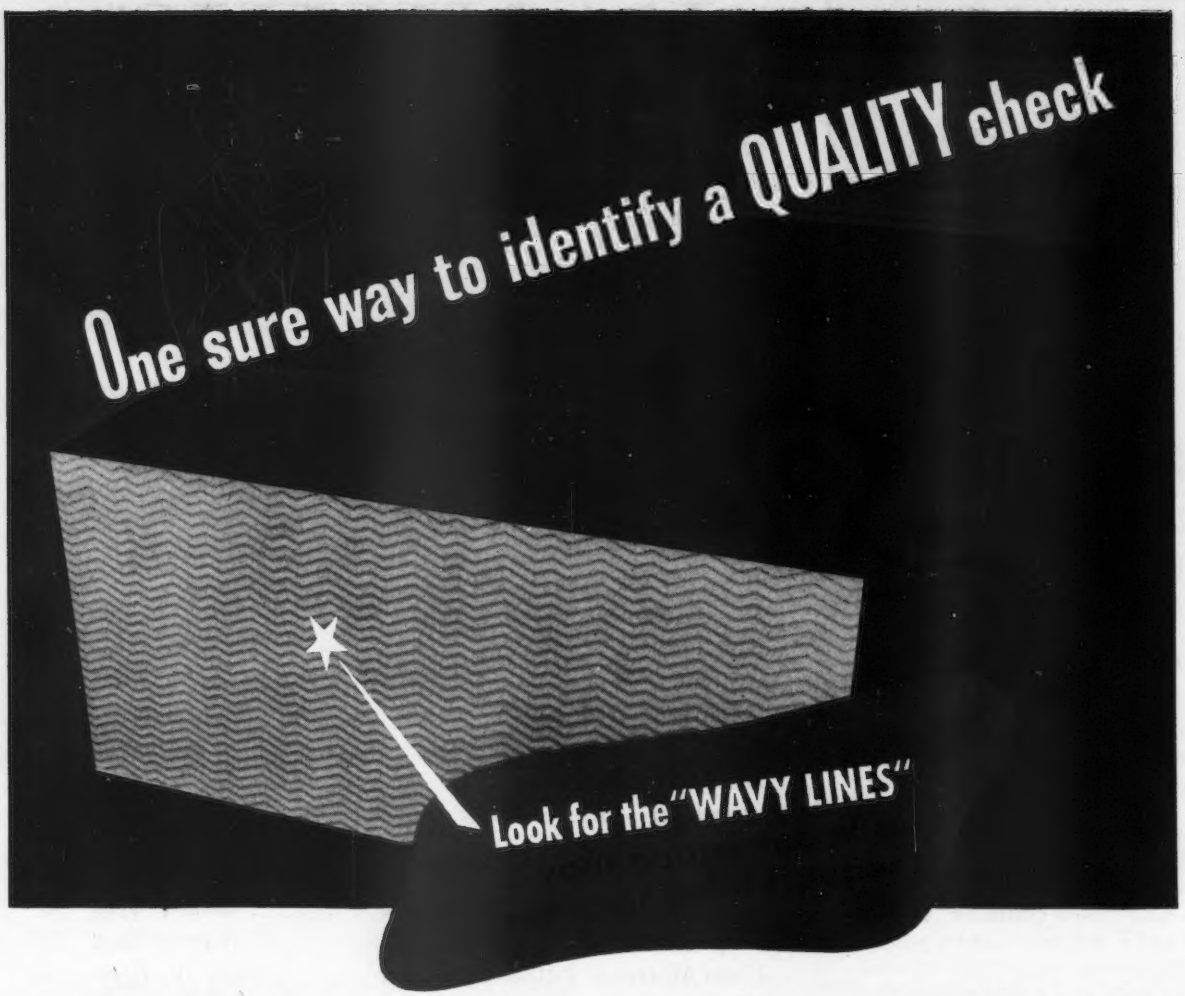
Just a Minute	*John L. Cooley*	1
My Boston Correspondent	*Fred Copeland*	17
Around Our Bank	*Belle S. Hamilton*	18
Washington	*U. V. Wilcox*	23
A $6,000 GI House	*Millard C. Faught*	33
The Condition of Business	*William R. Kuhns*	36
An Investment Strait-jacket	*Marcus Nadler*	37
Live Banks Make Communities Live	*H. R. Farrall*	39
A.I.B. Chapter Sells Bank Careers		40
The Consumer Credit Digest		
Idea Exchange	*Ruth O'Neill*	42
The Trend	*A. Anton Friedrich*	43
An Album of Wills	*J. Will Irwin and Bob Kirkpatrick*	44
17 Months of GI Loan Experience	*R. R. McGuire*	46
Factor's Lien Financing	*J. Warren Olmsted*	47
The Investment Market	*H. Eugene Dickhuth*	48
A Search for Mortgage Facts		49
The Country Banker		
All Business Depends on Topsoil	*Gordon Webb*	50
Helping the Farmer Keep Books	*Warren Garst*	52
Farm Mortgage Pitfalls	*Jesse W. Tapp*	54
News Around and About	*Mary B. Leach*	58
State Association Activities	*Emily J. Kimball*	63
News Paper		66
Calendar		68
More Profits If You Know Costs	*William C. Rempfer*	70
Methods and Ideas		
Banks Comment on Check Routing Symbol		74
We Wanted Our Own Conference	*Mary Landon Bolles*	78
Briefly Told	*John J. McCann*	80
I Still Love That Bank	*Rhoda Hanson*	96
North of the Border		100
Heard Along Main Street		101
Bank Robberies and Holdups Increase		109
Legal Page		112
Sugar Coated Socialized Banking		116
Index to Advertisers		118

BANKING — Published monthly by the American Bankers Association, 12 East 36th Street, New York 16, N. Y., U. S. A. — $3.00 per year.

Volume XXXIX, No. 2. Copyright 1946, American Bankers Association, Harold Stonier, Executive Manager. William R. Kuhns, Editor. Assistant Editors, William P. Bogie, John L. Cooley, Mary B. Leach. Editorial Assistant, Ruth O'Neill. John J. Rooney, Business Manager. Field Representatives: Prentiss Jackson, Jr., Eastern Advertising Manager, 12 E. 36th St., New York City; Robert W. Kneebone, Western Manager; John J. McCann, Western Advertising Representative, at 105 West Adams Street, Chicago 3, Ill.; Stanley Ikerd, Los Angeles, Cal. Washington office, 719 Fifteenth Street, N. W.; Circulation Manager and Eastern Representative, Robert J. Stiehl. Subscriptions: $3 yearly; Canada, $3.50; foreign, $4.00; single copies, 25 cents. Entered as second-class matter May 5, 1909, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Additional entry at Concord, N. H.

With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.

One sure way to identify a QUALITY check



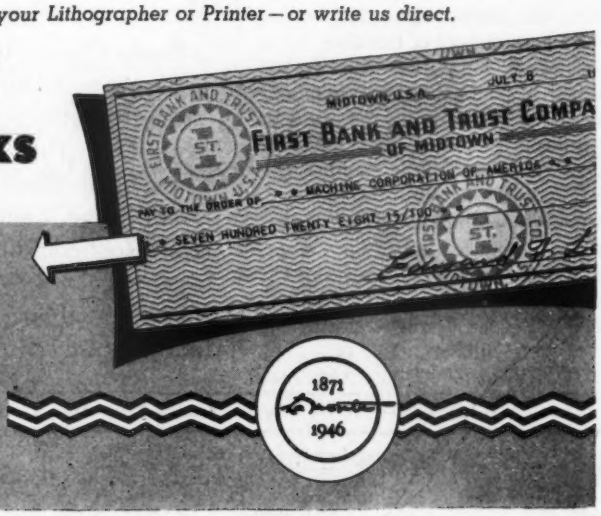
George LaMonte & Son not only produced the *first* practical safety paper—but LaMonte Safety Papers have become widely recognized as *first in quality.* » » LaMonte's famous "wavy lines" trade-mark has become almost as familiar in the banking world as currency itself. » » That's because, for generations, so many of America's leading banks have specified this product. » » Bankers, you see, are astute business men. They regard checks as more than simply a medium for the transfer of funds . . . see in them an advertising opportunity of unusual proportions—an opportunity to make favorable impressions *by the millions* on their customers and those they hope to serve.

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lectures and seminars. The pictures are informal, newsy, and well taken.

With this special souvenir of pleasant days at G.S.B. go our congratulations to the Class of '46, our greetings to the Class of '48, and our good wishes to the 47'ers.

For Consumer Lenders

THIS month's Consumer Credit Digest (page 42) features a description of the complete and compact program which the First Wisconsin National Bank of Milwaukee uses in teaching its correspondents how to conduct a consumer credit business.

The special service gives the banks an opportunity to share the experience and technical knowledge gained by the First Wisconsin during its own extensive research in this field. The "course" is projected with the aid of forms, pamphlets, letters and promotion suggestions, and is proving very popular.

CARL M. FLORA, chairman of the A.B.A. Consumer Credit Committee, is vice-president of the First Wisconsin.

Credit Control

WE assigned the job of "covering" the recent credit control recommendations of the Federal Reserve Board to that capable observer and analyst, Professor MARCUS NADLER of New York University.

DR. NADLER, as no banker needs to be told, is a savant in matters pertaining to interest rates, the money market, government finance and other components of "credit," and we know that his observations on the Board's report, as it touches the chartered banking system and bank investments, will be carefully read.

They are set down for you in the article on pages 37 and 38.

Super-Service

WRITING of some unusual services done by his bank to oblige customers, CHARLES ARRINGTON *of the Jackson-State National Bank, Jackson, Mississippi, said it had located apartments, nylons and even bank clerks. And then he added:*

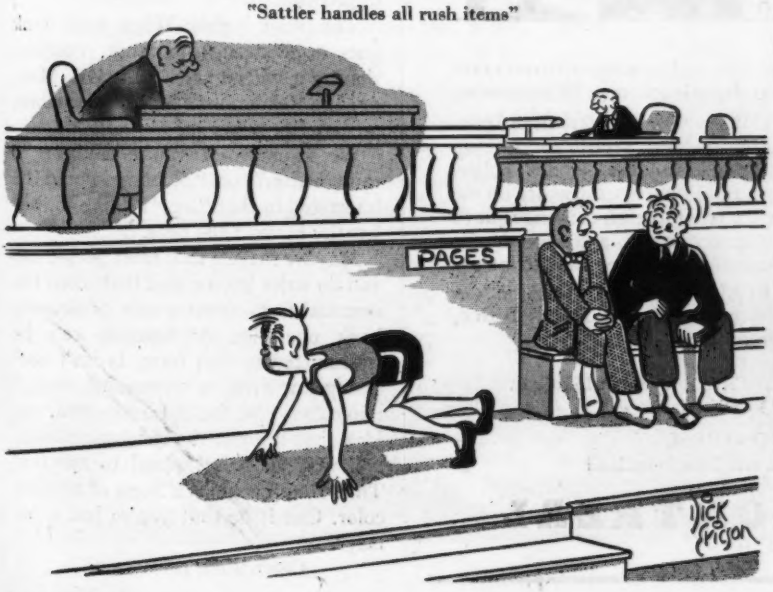
"Two weeks ago one of our fellow-bankers from up-state was a patient at a local hospital and needed a blood transfusion. You've guessed it—we furnished that, too!"

Soil Conservation Joins the Three R's

USING the land itself as a laboratory, school children in several South Carolina towns are taking courses in soil conservation. The boys and girls supplement classroom theory with countryside tours for first-hand study of the farmer's enemy, erosion.

It's a sturdy, expanding program, and the South Carolina Bankers Association has a substantial part in it. The story was told in BANKING more than a year ago. This month we publish an assortment of pictures that show the kids hard at work, in school and afield, together with GORDON WEBB'S narrative bringing the project up to date.

"Sattler handles all rush items"



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CANADIAN-AMERICAN
Commerce



Good neighbors in business as well as in social relations, Canadians and Americans for more than a century have carried on ever-increasing trade across a free and peaceful border.

The Bank of Montreal has been a consistently growing factor in that inter-nation trade. Beginning in 1817 with one office and a staff of seven, the Bank has grown steadily and has kept pace with Canada's needs and with Canadian-American commerce.

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BANK OF MONTREAL
ESTABLISHED 1817



"This having to balance books is driving me nuts! I've a good mind to go back to my government job!"

There's One in Every Bank

WE don't mean one president, one vault, one general ledger, or one front door. We do mean one story.

This observation is prompted by an incident that happened the other day, while this issue of BANKING was being mapped out. The mail brought a note from a bank staff member who thought we might be interested in something that had happened recently in the writer's bank. Enclosed was a well-written, direct statement of the facts.

We *were* interested, and we're publishing the story in this number. (No, we won't identify it for you.)

The incident was not especially unusual. But it represented the application of a good idea—and good ideas, whether simple or complex, are the basic material of progress.

The point is this: When your bank puts a good idea to work, consider sharing it with others. And, Mr., Mrs., or Miss Reader, isn't BANKING the best medium for doing so?

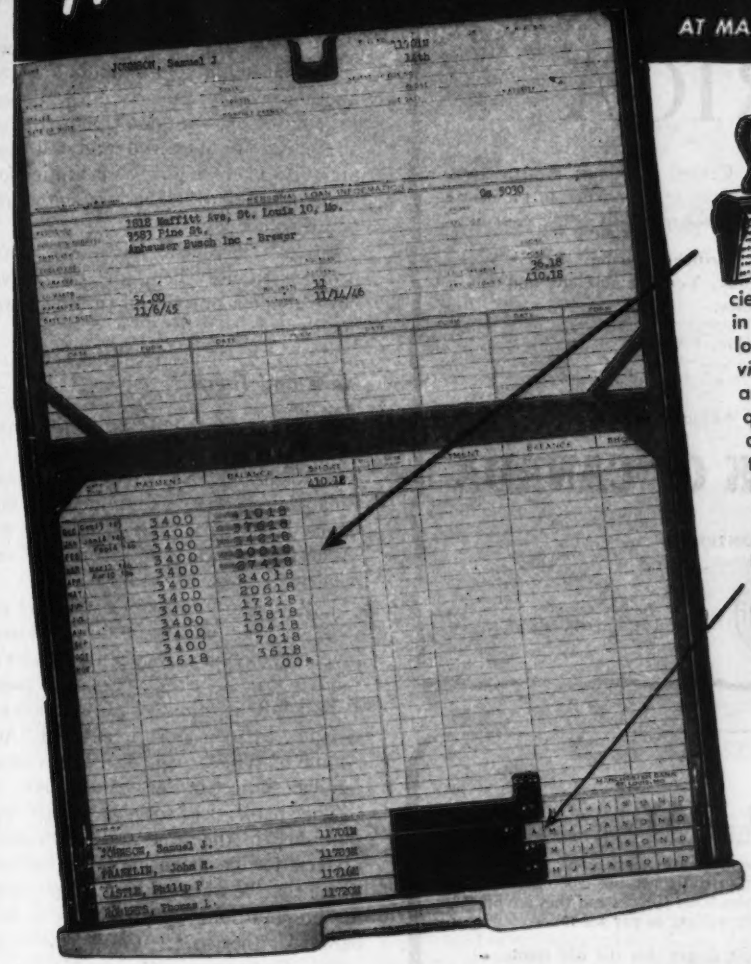
We know what you're saying: "I can't write," or "Nobody would be interested in that," or "I'd like to, but I really haven't the time."

May we suggest that most people can and do write letters, and that often the essential facts about a new or unusual bank operation or function can be transmitted in that form. It isn't necessary to write a "powerful piece," remember. As for interest—well, an idea that interested your bank would, you may be sure, appeal to another. The "time" angle is a horse of another color. Can it be that you're just a bit lazy?

(CONTINUED ON PAGE 6)

How KARDEX PERSONAL LOAN ACCOUNTING SAVES TIME OF TWO CAPABLE CLERKS

AT MANCHESTER BANK OF ST. LOUIS





Increased volume of Personal Loan business in this St. Louis bank demanded an improved accounting system — one that combined error-proof posting of accounts with utmost efficiency in following delinquencies. Today, with Kardex *Visible* equipment in place of a "blind" file, the clerk instantly locates an account by a glance at the *visible margins!* Using a prescheduled balance on installment contracts, payments are quickly and accurately "posted" with a date stamp. Service is speeded, and the time of two capable clerks is used to better advantage elsewhere!



Following up delinquent accounts is a simple operation with the Kardex signal system. When the clerk posts a payment she advances the Graph-A-Matic signal on the monthly scale. To pick out delinquents, it is no longer necessary to examine each card in the ledger. *A whole group of cards in a Kardex slide can be reviewed at a glance!* The position of the signals immediately flashes those accounts which require attention because payments have not been received.

"THERE is a remarkable saving in time with the Kardex system at the Manchester Bank," says Frank J. O'Riordan, vice president. "It has definitely saved us the time of two capable clerks who had laboriously gone through our *old* file each day checking for delinquent accounts." If you would like more facts on this time-saving Kardex system as applied to your bank, call your local Remington Rand office, or write us.

Write for free copy of Systems Narrator No. 607, a description of the KARDEX *Personal Loan Accounting System.*



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MOVING DAY

Every day is moving day for the banks of this country . . . they move money. Thru the medium of some forty million checks, and thru the use of that perfect disbursing machine known as the checking system, they distribute money from coast to coast in a manner that appears effortless.

This easy flow of money is possible only because of precision methods and workmanship on the part of the nation's fifteen thousand banks. And when those forty million checks have been sorted and photographed, recorded and shipped, added up and paid, canceled and filed, a good day's work has been done and someone is tired.

Any little thing that will lighten the work of those who handle these forty million checks is worth a lot. So why not lighten the work of those who sort them and file them by letting them read printed names instead of those horrible signatures? It won't cost anything because customers like Personalized Checks and they are perfectly willing to pay for them.

Don't forget that the old-fashioned "speed-up", whether in factories or banks, is in the discard. It's no longer a question of how we can do things faster but how we can do them *easier*. It adds up to the same thing, of course, so when you sort and file checks easier by looking at clean-cut printed names instead of those funny little scrawls you are sorting and filing faster and more accurately.

Would *your* customers like Personalized Checks? Would they be willing to pay $1.25 for two hundred? It won't take long to find out. Just slip one of our little enclosures in your statements next month and see what happens. We'll be pleased to supply you, without charge, whatever quantity you need.

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NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

C. W. BAILEY, vice-president of the American Bankers Association, in a recent address, offered a suggestion to his banker audience which we'd like to pass along.

"If," he said, "you're doing something unusual in your bank, or know of another bank where some forward step is being taken, why don't you write to the editor of BANKING and tell him about it? There might be inspiration for some other bank in the message which you thus convey."

So let's have the ideas. We can't promise to use them all—but we've never made a practice of turning down good ones!

Here and There

"How's business?" BANKING tells you in another of its surveys—page 36. . . . The Rochester (New York) Veterans' Financial Service, maintained by the banks of that city, is flourishing. R. R. MCGUIRE reports on its progress on page 46.

J. WARREN OLMSTED, loan officer of Boston's First National Bank, discusses inventory financing under the Factor's Lien Act in a helpful article on page 47. . . . This month's IRWIN-KIRKPATRICK cartoon story is entitled "An Album of Wills" (page 44). It covers a familiar subject in a way you'll like.

The bank use surveys which we published in the June and July issues attracted wide attention. One banker wrote that he was making a digest of it for presentation to the officers of his bank. Another said: "Can't you do a

(CONTINUED ON PAGE 11)

"You mean the foreign department I'm transferred to is right here on the third floor?"



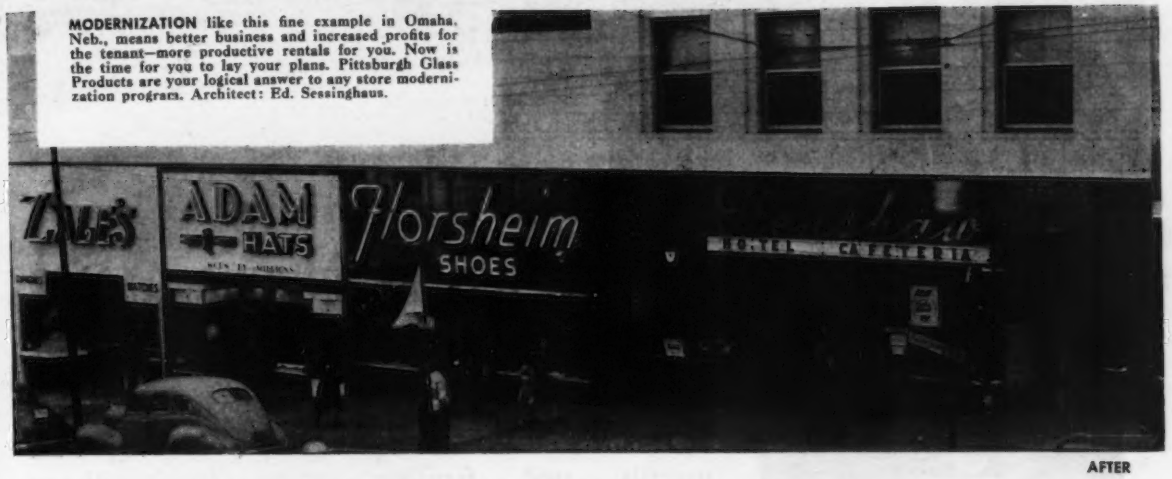
The property with Eye-Appeal . . . inside and out—



BEFORE

Says: "Here's a sound proposition!"

MODERNIZATION like this fine example in Omaha, Neb., means better business and increased profits for the tenant—more productive rentals for you. Now is the time for you to lay your plans. Pittsburgh Glass Products are your logical answer to any store modernization program. Architect: Ed. Sessinghaus.



AFTER

Plan now to modernize your store properties and make them more profitable

STORE properties with eye-appeal—inside and out—produce larger revenues, assure easier renting. Even with the scarcity of available locations, merchants are interested in occupying stores that are modern, smart-looking — establishments that attract and draw customers, bring retailers increased business and profits.

It's therefore sound business to modernize the store properties handled by your bank with Pittsburgh Glass and Pittco Store Front Metal. It's one good way of attracting potential tenants, keeping present occupants satisfied, increasing revenues.

Furthermore, many retailers have worked out plans for modernizing their shops. And here, too, is a profitable source of business, because some of them will need money to carry out their plans. Certainly a sound basis for a loan, when you consider the sales and profit increase which is bound to result from an intelligent program of store modernization.

We believe it will be advantageous for you to have a copy of our free booklet—"How Eye-Appeal—Inside and Out—Increases Retail Sales." This brochure contains data and photographs of a wide variety of installations of Pittsburgh Glass and Pittco Store Front Metal. Fill in and mail the convenient coupon below — now, while you're thinking about it.

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RALSTON PURINA COMPANY, *Headquarters,* **St. Louis 2, Mo.**

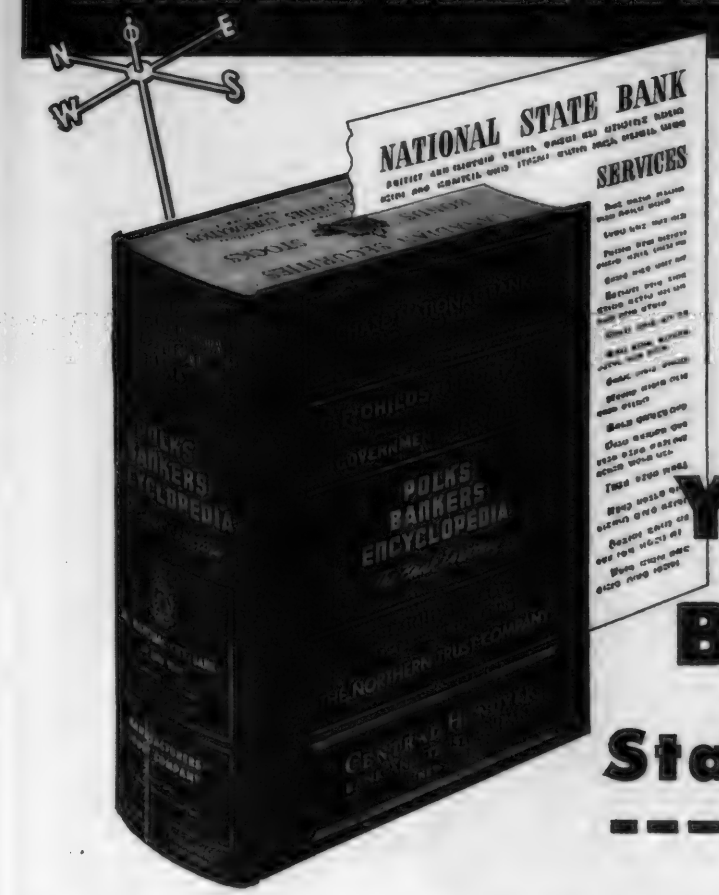
THE PURINA DEALER IS A GOOD MAN FOR THE RURAL BANKER TO KNOW

There are many more Purina Dealers who are filling the needs of their agricultural communities... and they are good men for Rural Bankers to know. The Purina Dealer and his organization contact farmers day in and day out... know their plans, problems and needs. While visiting with farmers, many of them are saying a good word for their local banks. Does your local Purina Dealer know the services that your bank offers to local farmers, so that he can recommend them? Maybe he's trying to do this now, when he thinks of it — but why not give him your story and ask him for his active and planned cooperation? Working together... Banker and Dealer... you can build *your* agricultural community.

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★ Polk's Bankers Encyclopedia takes advertisers' messages direct to the people who count most!

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★

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The Bank Directory

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"If she's taking my place while I'm vacationing, boss, I don't want a vacation!"

survey in this city?" (Maybe we will.) The secretary of a state association asked for reprints to send to the membership. Four cities—Minneapolis, Salt Lake City, Buffalo and Montgomery—have been covered so far, and others are on the schedule.

The Merchants National Bank and Trust Company of Dayton, Ohio, celebrates its 75th anniversary with a brochure, in three colors, tracing its history. . . . MARY B. LEACH of BANKING has been elected to the executive committee of the New York Business Papers Editors Association. . . . *National Digest* asked permission to reprint "Banking Is This Farmer's Sideline" and "Doctor-Banker" from our July issue.

Packed With Facts

FROM JESSE W. TAPP, vice-president of the Bank of America, San Francisco, comes the article "Farm Mortgage Pitfalls," a high point in this month's Country Banker section. Mr. Tapp examines some statistics on the volume of these loans and on farm land prices, and, in a discussion packed with facts, points out that the principal suppliers of farm mortgage credit during the war years (a period of rising prices) were individual lenders, commercial banks and insurance companies.

"It is urgently necessary at this time," he says, "to observe sound principles of farm mortgage lending. Otherwise an eventual readjustment in farm income will result in trouble for both lenders and borrowers."

The lender must decide whether a farm borrower's income will enable him to meet interest and principal payments during the life of the loan. That's a difficult problem, for experience indicates that "wartime prices for farm

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Q. In What City Was the First Vocational School?

A. The first vocational school in the United States was the Baltimore Polytechnic Institute, established by municipal ordinance of October 20, 1883 . . . Today, Baltimore is one of the Nation's busiest centers of trade and commerce . . . the Equitable Trust Company, one of Baltimore's busiest banks. Because it keeps in constant touch with conditions in this vital industrial area, the Equitable Trust can give prompt, intelligent, thorough service to out-of-town banks. Your inquiry is invited.

THE EQUITABLE TRUST COMPANY · BALTIMORE · 1913

Equitable Trust Co.
BALTIMORE

Member Federal Deposit Insurance Corporation

products furnish a very unreliable guide for postwar price levels" and an even less reliable guide for postwar farm net income. "It is patently dangerous to place much emphasis upon wartime net incomes when considering loans which are expected to be repaid over a period of 10 to 20 or more years."

Mr. TAPP holds that "a careful appraisal of farm land and buildings upon the basis of their long-term income-producing capacity is the cornerstone of safe long-term mortgage loans." Equally important is "the experience and ability of the borrower, his character and industry, and his attitude toward conserving the soil and building up the farm."

Sword vs. Typewriter

BACK from the wars with a silver eagle on his uniform's collar comes BANKING's WILLIAM P. BOGIE to resume his post as an assistant editor of the magazine.

Bill was in the infantry five and a quarter years, spending a large part of that time in the South Pacific and in Korea.

In reporting his return to active duty we shall not be trapped into comparing the merits of the military and editorial services. Rather, we shall carry water on both shoulders—on one, Cervantes' admonition, "Let none presume to tell me that the pen is preferable to the sword"; and on the other, inevitably, Lytton's "The pen is mightier than the sword."

Take your choice, Colonel!

JOHN L. COOLEY

BUSINESS MEN'S QUIZ

Test your knowledge of industrial Los Angeles



1. You've heard about Los Angeles' spectacular population growth, but do you know whether Los Angeles now ranks: (a) third; (b) fourth; (c) fifth; (d) sixth, in the U.S.?

2. Los Angeles has an ample supply of water for a city of: (a) 3,500,000; (b) 4,250,000; (c) 7,750,000; (d) 2,250,000.

3. In total value of farm crops in the United States, Los Angeles County is: (a) first; (b) third; (c) fourth; (d) sixth.

4. New York Harbor is first in ocean tonnage handled, but do you know whether Los Angeles Harbor is: (a) second; (b) third; (c) fifth; (d) sixth?

5. Highway transportation is important to many industries. Although only 39% of rural roads in the United States are surfaced, in California the figure is: (a) 44%; (b) 47%; (c) 53%; (d) 62%.

6. Akron leads the United States in rubber manufacture... but do you know whether Los Angeles is: (a) second; (b) third; (c) fifth; (d) eighth?

7. Where does Los Angeles rank in auto assembly: (a) second; (b) third; (c) fifth; (d) sixth?

8. Los Angeles is the logical supplier of the 11 Western States—which have long produced only a small percentage of the goods they consume. For example, in 1940 these states bought 15% of all refrigerators sold in the United States... but they produced only: (a) 1.2%; (b) 1.8%; (c) 2.6%; (d) 4.2%.

Refrigerators are only one of the items that Los Angeles should be manufacturing for this rich 11-state market. If you will write on your business letterhead, we shall be glad to mail you free a copy of our new book, "F.O.B. LOS ANGELES." It answers many questions about industrial opportunities—as well as about the factors which make Los Angeles the nation's No. 1 new industry location.



Los Angeles City-Owned
DEPARTMENT OF WATER AND POWER
207 South Broadway, Los Angeles 12
"Serving the water and power needs of 1,805,687 citizens"

ANSWERS
1(b), 2(c), 3(a), 4(a), 5(c), 6(a), 7(a), 8(c).

Los Angeles 1st IN THE WEST 1st IN YOUR INDUSTRIAL FUTURE

"It's their financial statement—they're a small outfit, you know!"



How to increase your consumer credit business 6-fold!

Right now, State Farm Mutual's more than 7,000 "livewire" agents are in a position to introduce bankers to a multi-billion dollar market for consumer credit.

Under the State Farm Bank plan, the customer first brought to your bank to finance a car can become a valuable prospect for additional consumer credit. In fact, a survey recently made to determine buying plans of State Farm Mutual's 1,300,000 policyholders, shows that for each dollar of car financing an opportunity exists for cooperating banks to add six *extra* dollars of consumer credit business.

For example, the buying plans of State Farm policyholders call for new or used cars at an estimated value of $786,500,000. But, their requirements for other consumer goods are six times as great: $2,912,000,000 for new homes, $364,000,000 for home remodeling, $144,300,000 for home furnishings, $975,000,000 for new business enterprises, $78,000,000 for expansion of business, and an indeterminable amount for land purchases.

This all adds up to more than 5,260,000,000 potential financing dollars. If you'd like to share in this big credit opportunity, it will pay you to investigate the State Farm Bank Plan today.



STATE FARM INSURANCE COMPANIES

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Pacific Coast Office: Berkeley, Calif.

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Send for FREE booklets

Here are two booklets *every* banker should have! "New Profit Opportunities for Banks," explains in detail how the State Farm Bank Plan works for you. "The State Farm Group Loan Life Plan—Good Will Insurance for Banks," tells how you can insure consumer loans at low cost. Both of these booklets are *free* for the asking. Simply indicate on this coupon whether you'd like one or both booklets. Then clip it and mail to State Farm Mutual, Bloomington, Illinois. There is no obligation.

CLIP NOW! . . . MAIL TODAY!

State Farm Insurance Companies 8-86
Bloomington, Illinois

Gentlemen:

Please send us, without obligation, the FREE booklet or booklets we have checked below:

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☐ "The State Farm Group Loan Life Plan—Good Will Insurance for Banks"

Name.....

Bank.....

Address.....

City.....Zone.....State.....



Balfour Building, San Francisco, Calif.

There's more to it than meets the Eye

If you have visited the Balfour Building in San Francisco since Otis modernized the elevators you have seen the modern cabs and attractive entrances. Less obvious to visitors, but more important to tenants and management, is the improved elevator service.

Prior to modernization, five elevators handled the mid-morning and mid-afternoon periods but were overtaxed during the rush hour peaks. Since four of the elevators were modernized and equipped with Otis Peak Period Control, three of them have handled the intermediate periods as easily as the original five, and with the fourth modernized elevator in operation during peak periods, the management is providing better service than was previously possible. The fifth elevator is now reserved exclusively for freight service.

There's more to Otis Modernization than meets the eye — improved traffic handling capacity, increased tenant satisfaction, and material reduction in operating expense.

If you have a vertical transportation problem call your Otis office today. It will cost you nothing — it may save you much.

Otis ELEVATOR COMPANY
OFFICES IN ALL PRINCIPAL CITIES

Another *First* for MASSEY-HARRIS

..the New "VELVET RIDE" Shock Absorber Seat!





Last year Michigan State College said: "The final riding quality of tractor seats could be greatly improved. This is a problem that deserves intensive study on its own account."
— Quarterly Bulletin, August, 1945

Here at last is the kind of tractor seat that farmers have dreamed about . . . talked about . . . and tried to develop for years — a seat that does for the tractor what the shock absorber did for the automobile.

This new "Velvet Ride" shock absorber seat on Massey-Harris Tractors levels out the rough plowed ground . . . removes the bounces and bumps of cultivation . . . tames the broncho-busting, hell-for-leather ride of the conventional tractor seat.

It's another first for Massey-Harris . . . another reason why it pays to own a Massey-Harris.

WITH THE CONVENTIONAL TRACTOR SEAT THE TRACTOR JOLTS . . . THE OPERATOR JOLTS



WITH THE MASSEY-HARRIS "VELVET RIDE" SEAT THE TRACTOR JOLTS . . . THE OPERATOR DOESN'T



DRIVE a tractor with the conventional tractor seat over a rough field. Then take a Massey-Harris with the new "Velvet Ride" seat over the same ground. You'll experience for yourself what these graphs show — a rough, jolting ride tamed down to one of velvet smoothness.

Hydraulic shock absorber, between the seat support and final drive case, cushions the jolts and bumps . . . lessens fatigue . . . saves arms and shoulder muscles . . . does away with the back pains of rough going . . . makes tractor driving safer for every member of the family. Variable tension coil spring instantly adjusts itself to any weight — the heaviest man or the merest slip of a girl.

It's advanced features like this that put so much extra selling value into Massey-Harris Tractors. Combine it with such other advantages as plus power on drawbar and belt . . . light fingered handling . . . penny-pinching economy . . . time-saving electric starting and battery ignition . . . roomy platform for a "seventh inning" stretch . . . the kind of vision that lets you see where you're going . . . a complete line of tools, and you'll see why more and more farmers are going Massey-Harris.

Massey-Harris Tractors are built in four power sizes for every size and type of farm . . . designed, engineered, tested, and field-proved to do a better job easier, at lower cost, for a longer time.

FOR LOW-COST FARMING BUY...

THE MASSEY-HARRIS CO.
General Offices: Racine, Wisconsin

MASSEY-HARRIS
TRACTORS COMBINES IMPLEMENTS

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, JUNE 30, 1946

RESOURCES

Cash and Due from Banks	$1,249,714,474.60
U. S. Government Obligations	2,611,093,293.92
State and Municipal Securities	119,373,829.59
Other Securities	186,665,416.34
Loans, Discounts and Bankers' Acceptances	1,166,386,434.46
Accrued Interest Receivable	12,012,218.71
Mortgages	8,276,117.55
Customers' Acceptance Liability	6,686,913.31
Stock of Federal Reserve Bank	7,500,000.00
Banking Houses	33,072,822.40
Other Real Estate	1,531,526.81
Other Assets	1,534,074.06
	$5,403,847,121.75

LIABILITIES

Capital Funds:		
Capital Stock	$111,000,000.00	
Surplus	139,000,000.00	
Undivided Profits	59,392,012.20	
		$ 309,392,012.20
Dividend Payable August 1, 1946		2,960,000.00
Reserve for Contingencies		14,253,965.95
Reserve for Taxes, Interest, etc.		16,779,124.35
Deposits		5,039,708,920.79
Acceptances Outstanding	$ 12,089,012.65	
Less Amount in Portfolio	3,686,803.29	8,402,209.36
Liability as Endorser on Acceptances and Foreign Bills		2,440,783.64
Other Liabilities		9,910,105.46
		$5,403,847,121.75

United States Government and other securities carried at $929,216,353.35 are pledged to secure U. S. Government War Loan Deposits of $597,475,844.21 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

My Boston Correspondent

FRED COPELAND

I HAVE just followed that New England Yankee banking custom of calling on my Boston correspondent. It is a custom that has become a sort of rite. Over the northern and eastern New England states, covering most of what is now an entire Federal Reserve district, bankers from little up-country banks semi-annually "went to market" in square-topped derbies, Prince Albert coats, striped trousers and chop whiskers. Even the remittance of foreign checks sent daily to the Boston correspondent was called "the market letter."

As one generation of country bankers followed another, the tempo of the Boston visit increased until now it varies widely from a spring and fall pilgrimage of those in far northern New England areas to regular Wednesday visits by officials in the banks on the fringe of Boston. And the more wide-awake of the country banking clan assert that some official of a country bank ought to go at least once a month.

Although the custom of visiting city correspondents is not confined to New England, it does seem to be surrounded in that section with a special aura of tradition. In the New England country banks there is daily handling of items for Boston, both to the Federal Reserve Bank and to their private correspondents, which in most cases runs back many years before the Federal Reserve system came into existence.

With this Boston vapor around him, the banker periodically gets the urge "to see what in Sam Hill it looks like down there." Are the same faces at the desks in the old Boston correspondent bank? He begins to think of a hundred things he wants to ask about at "The Hub," where a finger is on the nation's pulse. A canvass is made by the country bank cashier to see if any of the directors are wanting to go. If none of them can think fast enough to decide, the cashier certainly can do so for himself, and a little red charge slip headed "expense" is dropped in the "daily doings" and is cranked through a proof machine and the cashier is on the afternoon express when its whistle wails a farewell yelp through the sand-cut south of the village.

In a few hours the banker will be standing on old Washington Street, Boston, peering sharply downhill into State, Water or Franklin, which lead to that labyrinth wherein are just about all the many main offices of Boston's commercial banks.

THE Boston banks, on their part, have gone in for "correspondents" among the country banks since the earliest days—so much so, in fact, that in northern New England all you need do is mention one of their names and even a lay citizen visualizes a great reservoir of wealth in Boston and takes pride in it. It has been an unusual thing, this close, cousin-like relationship of the Boston and up-country banks. And it has been a fine thing, conveying a sense of security and strength to New Englanders outside of the banking fraternity.

And so the village cashier in the morning crowds of Washington Street, after a short downhill walk, will be looking for a name carved on a stone facade. It may be one of the more active correspondents which in alphabetical order run, Merchants National, catering to up-country savings banks, Second National, National Shawmut, State Street Trust, the First National.

The moment the up-country cashier appears in one of these banks he glances quickly around for a familiar face . . . and it will be right there with a welcoming smile at a certain desk. For the Boston banks from early times have designated one or more officers, with a natural, acquired or trained personality radiating confidence and friendliness, to welcome visiting representatives of country banks. The usual questions asked by the visitors concern their securities portfolios, which the Boston correspondent studies carefully in the light of what the country bank is showing for earnings, its immediate financial condition, loans that may have to be charged off, a definite earnings goal, and a general recommendation for a short- or long-term loan policy. Moreover, the Boston banks send officers on tours among the correspondents as a return compliment. This provides a fine check-up of policies suggested when the country bank made its original inquiry.

THE Federal Reserve Bank has, of course, come into the picture in a large way and, a layman might think, competitively. But this is not actually so in the New England district, which has had such a time-honored family friendship between city and country banks. From the first the Federal has painstakingly studied a course that would not disrupt the fine old relationship.

Moreover, the Federal Reserve Bank is helpful as a guide to these country banks in the comprehensive picture of business backgrounds, sending out bulletins crystallizing the situation at frequent intervals.

The Boston banks are extremely interesting to visit. They are grouped in a particularly historical spot. State Street is the original banking thoroughfare.

At the Merchants National's corner, where a street sign says "Norman Prince Square," old brass letters and an arrow in the sidewalk mark the site of the Boston Massacre, 1770. And the clearinghouse association of banks in this region still exists.

Author Copeland had his camera with him on his calls in old Boston's financial district







NEW YORK MARKETS

Have you any marketing questions about New York State that you would like to have answered? Through our affiliation with 19 other Marine Midland banks we are in constant touch with local conditions in 42 New York State communities.

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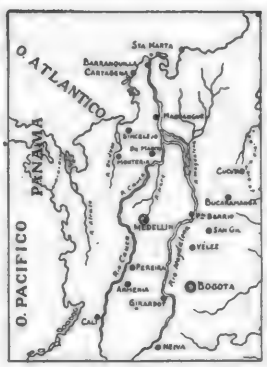


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can be fully met by our network of 19 offices located in every commercially important center of the country. The complete facilities of this 33-year old institution are at the disposal of banks and commercial corporations in the United States.



Gateway to South America and producer of the best coffee in the world.

Special provision is made for the handling of collections. Letters of Credit and commercial information. Your correspondence cordially invited.

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Cable address for all offices—Bancoquia

Capital paid-up: $5,500,000.—Pesos Colombian
Reserves: $5,646,000.—Pesos Colombian

General Manager: Gonzalo Restrepo Jaramillo

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia, Barranquilla, Bogota, Bucaramanga, Cali, Cartagena, Cucuta, Girardot, Maganque, Monteria, Neiva, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Velez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.



ALL smart bank officers are keen students of psychology and the way they apply their knowledge means much to the success of their institutions. One of our vice-presidents once loaned a farmer away out in the "sticks" a small amount of money, taking as collateral a chattel mortgage on two hogs. The loan came due, but no money arrived. Several letters were written without result, but finally the borrower came in to explain.

"You know," he said, "I can't pay that loan. One of them hogs died and then we got so darned hard up on the farm I had to kill the other for the family to eat. So there ain't no collateral and I can't pay the note." Our vice-president didn't start any fuss, but promptly said, "I don't blame you a bit, Jim. I'd do the same thing myself. When a man's family is hungry he's got to feed them, and it doesn't make a bit of difference to them whether they're eating collateral or not. But just what do you think you *can* do about the loan?"

This unexpected sympathy so appealed to the man that he said he guessed he could raise $3 a week to pay on the note. Eventually he got it all cleared up, and the bank had gained a friend who, while he had very little credit or collateral of his own, was popular in his community and steered many of his more prosperous friends our way when they needed accommodations.

Some years ago we loaned quite a few farmers' sons the money to purchase pigs, which they were to raise and sell as a start on their farming careers. Most of them paid off promptly when they sold their hogs, but one boy paid no attention to his obligation. Eventually it was charged off as a bad debt. Came the war. The boy enlisted, went overseas, and won several decorations. His first act on returning home was to come to the bank and pay off the old loan.

"I'd get to thinking about how I never paid for that pig you helped me to buy, while I was over there," he said, "and it seemed to me I'd never have any luck till I paid for him."

BELLE S. HAMILTON

BEST SELLER!



DEFOE is receiving thousands of requests for the descriptive brochure showing architect's drawings of several houses which can be built by the entirely new Defoe method of building permanent, comfortable and efficient homes. ✓ When the critical shortage of building materials, which is paralyzing home building, is over, Defoe will be able to offer you a home to fit your individual needs—at a price which will bring the savings made possible by advanced mass production methods. ✓ Send for your copy of Defoe's interesting and instructive brochure today so that you may better understand how the Defoe method works and how you will be able to obtain just the home you have always wanted, custom-built "To Your Measure", by Defoe's master craftsmen.

Illustrated above is the Cape Cod model now in limited production at Defoe's Bay City plant. The present housing emergency will restrict Defoe's output to homes of this single design and, for some time, all of them will go to ex-service men, under priority. But it will pay you to study Defoe's brochure now so that you can formulate your building plans and prepare to be one of the first to own a new Defoe home when unlimited production is once again possible.

Defoe HOMES

HOUSING DIVISION
DEFOE SHIPBUILDING CO.
DEPT. B-8
BAY CITY, MICHIGAN

Please send me the descriptive brochure on the new Defoe Homes.

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*Street*_____

*City and State*_____

DEFOE SHIPBUILDING COMPANY . . . BAY CITY, MICHIGAN

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When a buyer finances his car or appliance at the bank, he gets "a good deal"... builds up his credit. When he buys his insurance from the Hometown Agent he gets service ... personal interest and attention. Bank, Agent and Buyer all benefit. And Fireman's Fund's interests are identical with all three.

THAT'S WHY WE OFFER YOU

HOMETOWN CREDIT-SAVINGS PLAN

TO PROMOTE BANK FINANCING

A complete advertising plan for the bank's own advertising ... FREE MATS for local newspapers ... FREE FOLDERS for handouts and mailing. Radio commercials too. Ask any Agent representing a company of the Fireman's Fund Group or write our nearest office.

The **11,000 AGENTS** *Representing*

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FIREMAN'S FUND INSURANCE COMPANY
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Illustrations show open and closed view of Herring-Hall-Marvin Vault Door in the nationally famous Central Trust Company Bank, Cincinnati, Ohio.

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The coming years should bring the greatest volume of foreign trade ever attained by the United States, according to the Department of Commerce . . . You can render your customers a valuable service by helping them with their foreign trade and international banking transactions. Helping our correspondent banks with these problems is, in turn, a service we offer you . . . The world-wide facilities of our Foreign Department are at your disposal.

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NEW YORK

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Commercial Paper Purchases

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Participation with Correspondent Banks in Loans to Local Enterprises



Dealers in United States Government, State and Municipal Securities

Investment Information

Receipt and Delivery of Securities

Commercial and Travelers Letters of Credit

Safekeeping of Securities

Consultation on Pension and Profit-Sharing Plans

Co-Paying or Exchange Agent, Co-Transfer Agent or Registrar, and Co-Depositary

Trust and Reserve Accounts

International Trade and Foreign Banking Facilities

WASHINGTON



U. V. WILCOX

THIS city is actively propagandizing economics. The financial facts of life are being told and retold. The dollars and costs of national existence once were delineated only on the financial pages of newspapers and in special periodicals. Now they have become headline news.

Much of the flow of economic news in speeches to Congress and by commentators on the air is keyed to political economics. It also frequently happens that the staid subject of money and its relation to national affairs is heavily charged with ideological aims. There are often concealed purposes in the way such news is delivered to the public.

There are the proponents of the traditional school of thought who favor letting the laws of supply and demand operate without interference. These are held to be Pollyannas (or are generally given worse names) by those who favor a controlled economy under a beneficent bureaucracy.

There are, too, the advocates who favor mixing the formula. They sincerely believe in slowly relaxing government controls while waiting for production in industry to catch up.

The Fear Motif In order to influence that great and supposedly inarticulate mass of American citizens, there is frequent resort to the fear motif in the publishing of economic news. The scare psychology has been used constantly. Others seek to persuade and plead their economic philosophy on national events.

The science of political economics is being popularized and portrayed by high government officials, by quickly organized citizens' associations, by veterans' committees, by editorial writers and columnists. The nation has been regaled from every quarter. It is a very new road that America now travels as it enters the promised brave new world and political economists offer their services as guides.

Nine-Letter Word The many meanings of "inflation" have been played on like a single string of an itinerant street serenader's violin. Inflation being one of those words that even those who hold degrees from famous schools hesitate to use without extensive explanations, it is not to be wondered that it has become a potent tool of fear during this period of national reconversion.

Some picture the national economy as about to collapse if favored laws are not sanctioned immediately. Others loudly declare that unless the Government acts forthwith the American dollar will lose its value as a purchasing medium. High officials of the Federal Reserve System point out that it is the large supply of money as against the short supply of goods that creates most of the trouble.

The high pressure campaign of the political economists has largely revolved around the Office of Price Administration. A long crescendo has been building up. The President's veto was a signal for a heavier bombardment of exhortations from the several exponents of strict price control. The political primaries and the elections in November will reflect the results of the publicity which Congress meted out to OPA during the sticky summer months.

The Office of Price Administration has become a



INTERNATIONAL

Left, Secretary of the Treasury John W. Snyder takes the oath administered by Chief Justice Vinson, as U. S. Governor of the World Bank and Fund. *Right*, Harold D. Smith, former Director of the Budget, talks to newsmen after his selection as vice-president of the World Bank by President Meyer



INTERNATIONAL



OF COURSE YOU CAN LOAN MORE MONEY SAFELY!

Lawrence Field Warehouse Receipts provide a *safe, sure* way to *expand* your loan opportunities

SAFE...Third-party control of collateral means safety. Back of Lawrence Field Warehouse Receipts are the financial integrity, know-how and 33 years experience of Lawrence Warehouse Company.

SURE...Seldom do we encounter an inventory which, because of inherent peculiarities, cannot be handled. While every field warehouse is different, the principle of field warehousing remains the same. That's why you can safely recommend field warehousing in connection with any business seeking credit expansion. You can avoid saying "no!" with Lawrence System Warehousing.

For 33 years we have been helping banks and lending agencies expand their loan opportunities. By providing a way to use idle dollars in inventories, we are contributing to the expansion and success of many enterprises. Banks and lending agencies are growing with them.

We are prepared to advise loan officers contemplating inventory financing as an extension of their services. Send for your copy of this booklet.



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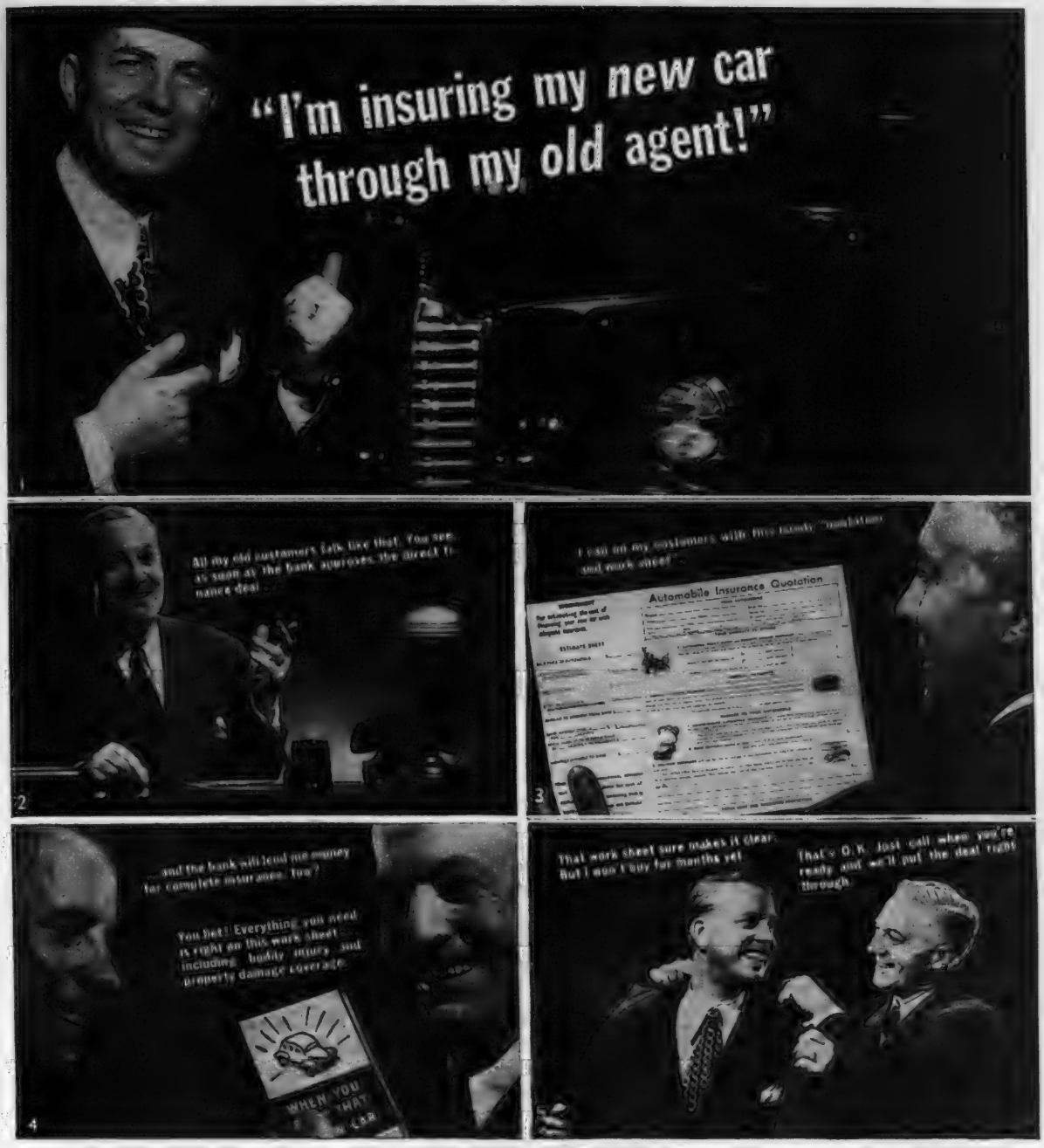
Paul B. Appleby was appointed acting budget director to succeed Harold D. Smith

political symbol which will influence national affairs for the remaining months of this year. The OPA itself is small by comparison with the national and international forces which it has generated. Revaluing of the dollar by other nations followed a presidential veto of OPA—a veto which included many political factors outside and beyond the words which the President used in his message to Congress and his radio address to the nation.

Political Economics Meanwhile, the new school of political economics has espoused housing for veterans and public housing for the underprivileged. Loans to Britain and Russia have become a part of the political economics course as now taught in the national capital. A more generous—and heavier—Social Security program, with extra taxes, has been included. A higher minimum wage and government-provided hospital service is a featured part.

While a nation recovering from the shortages and imposed restrictions of a four years' war is being thus generously dosed by public officials and self-appointed leaders, other long-term programs are being born and carefully nurtured. There are cooperative plans for aiding world trade and its financing by American financial institutions. There are long-range plans for making the Federal Deposit Insurance Corporation an operating trust fund for the banks of the nation, independent of Treasury help. There are sincere efforts being expended toward balancing the budget and even creating a surplus of income over outgo.

(CONTINUED ON PAGE 29)



With auto sales by the millions coming closer every day, now is the time to arrange for a big share of increasing loan business. One sure way is through the Bank and Agent Auto Plan.

In many communities our agents have clients pre-sold and pre-educated, with all the facts you need detailed on our comprehensive quotation sheet.

Ask our local agent to show you our eye-catching, convincing posters—especially designed for the many banks already cooperating with our agents—or write THE AMERICAN INSURANCE GROUP, Newark 1, N. J.

Send for sample quotation sheet and handy inventory card. The address: The American Insurance Group, Newark 1, N. J.

BANK AND AGENT AUTO PLAN

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CCH LABOR LAW REPORTS



"THE House of the Seven Gables"

"The House of the Seven Gables" in Salem, Massachusetts, made memorable by Nathaniel Hawthorne in his delightful romance named for the house, was, in its infancy really a house of eight gables. This fact was discovered when a plan which had been made in 1746 came to light.

In appearance, the house resembled the traditional Gothic structure with its steep roof, the second floor overhang with ornamental drops, and the leaded glass casement windows. The original part which had four gables had been built by John Turner, a mariner, either in 1668 or 1669. As the family fortunes increased, a lean-to was added and the old kitchen was turned into a shop where Mrs. Turner sold the small items from the cargoes of her husband's four ketches. Eventually, other rooms were added until the house assumed the appearance of today's restoration.



A corner of the garden showing interesting overhang.

Upon the death of the male descendants of John Turner, the house was bought by Samuel Ingersoll, a sea captain, whose wife had been a Hawthorne. Only one child of this union, Susannah, survived her parents and she became the mistress of the famous home in 1812.



Nathaniel Hawthorne

It was because of an unhappy love affair of this "Cousin Susy," that Hawthorne became so closely associated with the house. This sorrow led her to become a recluse and the only male allowed to cross the threshold was Nathaniel, eighteen years her junior. Her vivid memory of tales her parents told her enabled the author to piece together a complete word picture of the house.

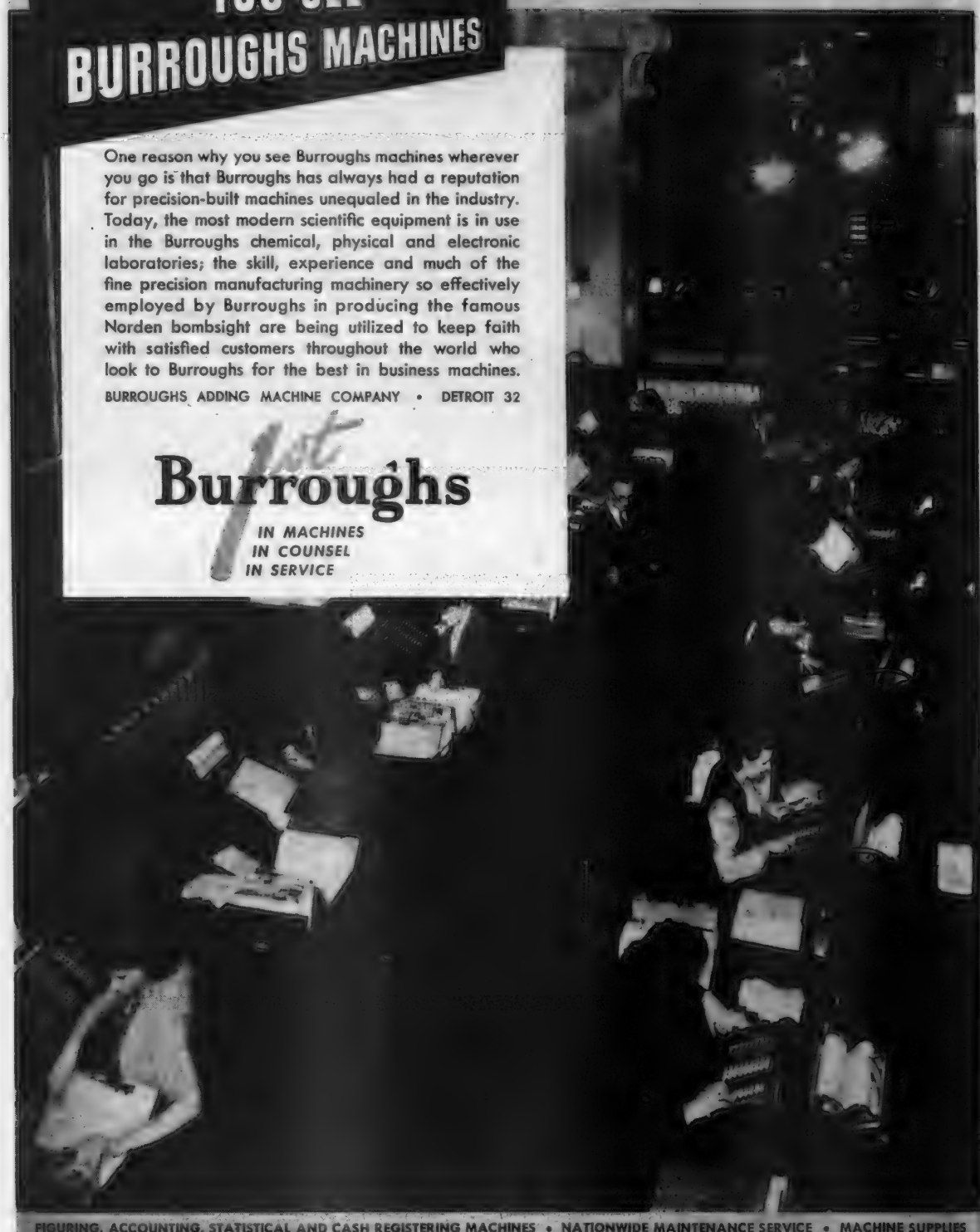
Aside from the gables, the most interesting feature of the building is the secret stairway which was not uncovered until near the end of the nineteenth century. It is believed that this had been built by the second John Turner around 1692, the year the witchcraft delusion ran rampant throughout Salem. Because over-sensitive children indiscriminately accused women of this evil, the whole countryside became terrified. Due to this situation, John Turner undoubtedly built the stairway so that the women and girls in his family could be safely hidden away.

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Snyder's Big Job Not all the top officials of the Federal Government are teaching classes in this school of political economics. Secretary of the Treasury John W. Snyder, a former little banker and big banker, once a bank examiner and an industrial lending administrator, is working behind the closed doors of government offices to gear up the financial machinery for the years ahead.

Chairman Maple T. Harl of the Federal Deposit Insurance Corporation is seeking to avoid embroilment in conflicting economic philosophies. The Federal Reserve Board is producing a series of economic studies which would seem to deserve much more serious attention than the over-publicized "school" which was conducted here by the Citizens Political Action Committee.

Some committees of Congress and some Senators and Representatives are promoting, in season and out, laws to curtail bureaucratic tendencies and waste in government.

World Trade Committee The White House announced appointment of a new committee of 12 prominent bankers and industrialists to develop long range plans in world trade and financing. Winthrop W. Aldrich, chairman of The Chase National Bank of New York, and a veteran in international financing, was named first. Later, Mr. Aldrich called upon Presi-

Winthrop W. Aldrich, chairman of The Chase National Bank of New York, member of the new foreign trade committee named by the President, leaving the White House after a conference with Mr. Truman



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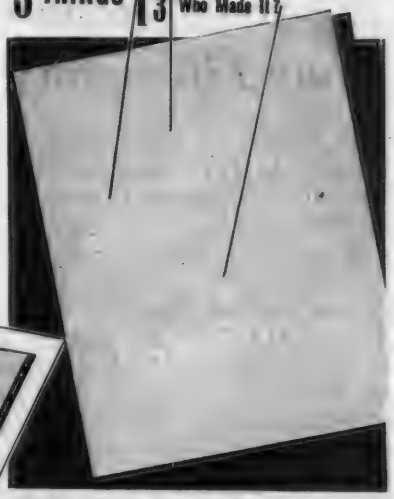
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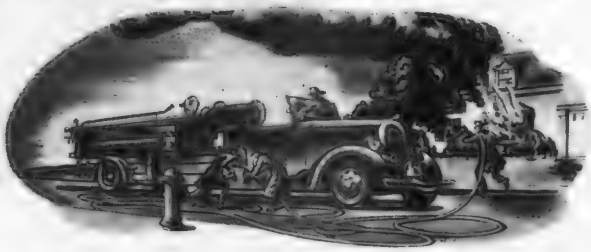
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CHASE STATLER

Maurice I. Hutton, head of the British Food Mission in North America, has been made alternate to Sir James Grigg, United Kingdom executive director of the International Bank for Reconstruction and Development

dent Truman and outlined what he believed was the scope of the committee's work.

Looking ahead, these American bankers and industrialists will have three basic aims:

(1) "To bring into orderly common effort, public and private finance, through business men and bankers in the foreign field."

(2) "To foster the application of the productive capacity of the United States in the most effective manner possible to the needs of domestic consumption and foreign reconstruction."

(3) "To promote relations between American and foreign business enterprise for the purpose of developing and maintaining foreign trade, both export and import, on a high and expanding level."

According to the world-known New York banker, "the accomplishment of these purposes would not only help in rebuilding the economy of the world but would increase and stabilize employment in this country."

A Long Range View

It can be authoritatively stated that the Secretary of the Treasury had much, if not most, to do with the naming of this committee and the broad outlining of its purposes. As a former Reconversion Director and banker, Mr. Snyder foresaw the need which would come when products of American genius in production would demand new world markets. This is the long-



PRESS ASSOCIATION

Francis Lacoste, *left*, French minister plenipotentiary, signs the $650 million Export-Import Bank credit agreement with France. *Right*, William McC. Martin, Jr., the bank's chairman

range view. For the next few years, it will be the American manufacturer's sellers' market throughout the world. It will also be, Mr. Snyder hopes, an American banker's lending market as soon as government agencies are able to establish safe financial norms.

But what of the years farther ahead? Then Great Britain, France, Germany, Czechoslovakia, Japan and other nations, will again be seeking to market their goods around the world and there will again be foreign trade competition.

It is hoped by long-headed Washington officials that this committee of 12 will have had created and brought to fruition the ability of American traders to hold their own in the competition for business.

Mr. Aldrich, speaking as the international banker, believes that government loans to foreign governments were a necessary aftermath of war but could not be the continuing basis of trade between free countries. Eventually, and as soon as possible, government lending must be replaced by private international financing, the banker said.

The Planning Committee The responsibility for such long-range financial and industrial world planning is under the direction of Mr. Aldrich; Gordon S. Rentschler, National City Bank, New York; Edward Hopkins, Drexel & Co., Philadelphia; Tom K. Smith, Boatmen's National Bank, St. Louis; Walter J. Cummings, Continental Illinois National Bank and Trust Company, Chicago; L. M. Giannini, Bank of America N.T. & S.A., San Francisco; Herbert H. Pease, New Britain Machine Co.; Champ Carry,

(CONTINUED ON PAGE 114)

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A $6,000 GI House

MILLARD C. FAUGHT

AT A TIME when the term "low cost housing" has practically lost its meaning in any conversation below five figures, there comes refreshing news from Cleveland of a veterans' housing program which mentions things like four rooms, bath, attached garage and utility room, and a 60′ x 200′ lot—all in the same paragraph with a top price of $6,000 and carrying charges of less than $40 a month. And the best part about the story is that it's not all headlines.

The Cleveland Trust Company is financing 50 such low cost veterans' houses in suburban Painesville, Ohio, under a uniquely practical plan which is proceeding with the realistic and enthusiastic cooperation of the community, and a hard-working triumvirate of contractor, architect and real estate agent. Fortunate veteran buyers, each of whom will be chosen by a special community committee, even face the happy prospect that the final prices of the house may beat the already low estimate of $6,000. If so, the savings will be prorated to each buyer as a mortage reduction.

HERE'S how this it-can-happen-here construction project came about:

As the pressures of reconversion and demobilization mounted, the streams of veterans pouring into the offices of The Cleveland Trust Company grew in quantity and complexity, just as they did in every other bank in the nation. And high on the veteran's problem list was *housing*—low-cost housing.

Above, the principals in the Cleveland Trust low cost housing project—*L. to r.*, George B. Payne, contractor and builder; Harry R. Templeton, Cleveland Trust vice-president; Alfred G. Tame, manager, Painesville branch; Milton J. Ludwig, realtor; and John Wallace Green, architect

It quickly became apparent to the Cleveland Trust officers, as they went over the financial patterns of individual veterans, that the houses being offered were in most cases far too costly for the veteran's budget, and that to encourage their purchase would be a disservice both to the veteran and the bank. It seemed equally clear that the basic housing need of the average veteran is, first, for *minimum shelter* to be made available as quickly and inexpensively as possible, but of such a type that the veteran can add to his property over a period of time and thus protect his investment.

Recognition of this factor set the bank's officers to thinking about their prewar experience in financing housing under the provisions of FHA Title I, Class 3. The Cleveland Trust Company had made over 500 of these loans on "certificates of intent to build a house," plus borrowers' notes up to $2,500. However, in addition to minimum FHA requirements the bank had

undertaken to help its borrowers with thorough appraisals, inspections, and suggestions before and during construction in order to help borrowers secure houses which would offer enduring value as investments, as well as shelter. As a result, of the more than $1,250,000 loaned there was only one default; and at present more than 75 per cent of the loans have been liquidated.

The bank also made it a practice in such loans to encourage the borrower to add a liberal amount of "sweat off his own chin" to the venture in the form of personal improvements which would convert the "minimum shelter" started by the $2,500 loan into a real home. Thanks to this sound practice many of the homes so built are now worth $7,500 to $8,000.

It seemed only logical, therefore, that this "sweat-off-the-owner's-chin" philosophy should have equal merit in the promotions of current veteran housing. It certainly fitted well with the fact that the average veteran coming into The Cleveland Trust Company offices was not looking for a housing handout but only for "banking help in helping himself."

It was one day this Spring, when such thoughts were running through the minds of Cleveland Trust's President George Gund and Vice-president Harry R. Templeton, that Milton V. Ludwig, a realtor from Painesville, Ohio, dropped into the bank. Like Mr. Gund, Mr. Templeton and their bank associates, Mr. Ludwig was also of a mind that "something ought to be done" to provide veterans with housing which would meet their shelter needs without overreaching their financial means.

After an afternoon's discussion of mutual experience in the low-cost housing field, Mr. Ludwig went back to Painesville and returned the following day with a man who soon became the third prime mover in this unusual enterprise. He was George Payne, an experienced contractor; and he too felt that there was too much talk and not enough action on the veteran housing front.

Painesville housing session number two lasted all the way through dinner and on into the night, but results soon began to burgeon in rapid fire order:

Mr. Ludwig located a tract of land, well situated in Painesville and adequate to provide 60 x 200 plots for 50 low-cost houses.

Mr. Payne began to wrestle with construction problems such as shortages of flooring.

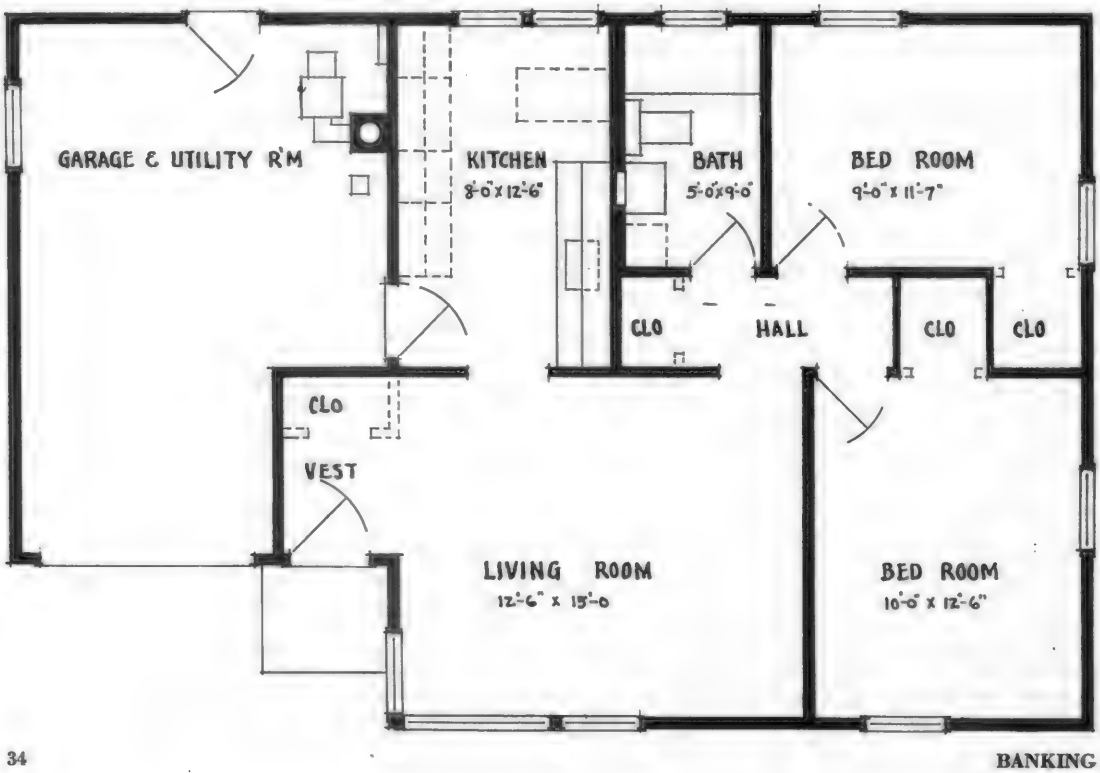
J. Wallace Green, an architect, joined the prime movers and worked diligently with Mr. Payne to design the low-cost house illustrated at the bottom of the page. They solved the flooring and heating problems in one swoop by adopting a poured concrete floor with radiant heating pipes laid right in the concrete.

They evaluated every item of construction to see what final finishing jobs (such as closets) could be left to the buyer without impairing the immediate shelter utility or permanent investment value of the houses.

As it quickly became evident that the new enterprise could achieve most of its challenging objectives, a non-profit corporation was set up, called Painesville Civic Housing, Inc., with a $500 capital structure.

The Cleveland Trust Company then loaned the new corporation, on its notes, the funds necessary to acquire the land and agreed to advance additional sums as construction progressed.

Floor plan used in constructing the $6,000 GI house



By this time the entire community of Painesville was keenly interested in the project. The town commissioners agreed to grade and hard surface the new streets needed, and to pay 20 per cent of the cost of bringing city water to the new houses.

Anticipating a keen demand for the houses, a civic committee has been established to select the eligible veterans who will become the future owners of the houses.

NEEDLESS to say, the progress of the whole project is day-to-day feature news in the local papers. But interest is not confined to the local folks. Banks, private builders and contractors from all over the nation have requested complete details on how this low-cost housing program, which started out on a $6,000 budget for each house is expecting actually to deliver a 26′ x 26′ home, with a 14′ x 20′ garage, at more nearly $5,500.

The answer is profit-cutting right across the board, backed up by the closest sort of cooperation among the community, the builder, the architect, the real estate man and the bank. The Cleveland Trust Company is advancing the necessary capital to Painesville Civic Housing, Inc., at 3 per cent interest; the builder is operating on a cost plus 10 per cent profit margin, but out of this profit he is paying such costs as taxes, social security, workmen's compensation, etc., plus his own company's overhead; the realtor, Mr. Ludwig, negotiated the sale of the land without commission and is limiting his commission for handling all the details relative to transferring the houses to their ultimate owners to $50 per house; the architect who laid out the plots and designed the houses is receiving a fee of $10 per house.

When the entire project is finished, all savings below the agreed selling price of $6,000 will be divided equally among all of the buyers. Thus no buyer will have to pay for any "extra" or unanticipated costs of his particular house and those obtaining the earlier-built units will share in any economies effected as the work progresses. Incidentally, when the last house is completed and sold, the books will be closed and then submitted for audit by a civic committee in Painesville.

AND what will those fortunate buyers who are finally selected by the special community committee get for their money? Each will get a well-planned soundly-built house ready for habitation, but with certain "non-essential" finishing remaining to be done as the owner has the time or added funds necessary. For instance, certain interior closets will not have been completed nor walls painted. As the owner is financially able he can cover his concrete radiant-heated floor with tile, carpeted plywood or linoleum. Mr. Payne, the builder estimates that each owner can "complete" his home, according to his own desires with an expenditure of about $200 to $300 for materials. This outlay, plus his own labor, will add at least $700 to $800 to the value of his home. This is what Mr. Templeton likes to describe as "sweat equity."

This practice gets back to The Cleveland Trust Company's policy, well-proven by its experience in financing prewar low-cost houses, that such owner labor not only contributes to the building of a better home but gives the borrower a real stake in the project. Only one default in the financing of over 500 such homes would seem to provide ample proof of the policy's soundness.

There is some more sound policy inherent in the thinking behind the 50 new veterans' houses a-building in Painesville. Says Mr. Templeton: "It seems to us incumbent on private industry and private capital to demonstrate that they are willing to recognize and perform on their obligations to the veterans and the communities which they serve. I do not believe it is the obligation of private capital or industry to give money or assets to the veteran, but I do believe they have the obligation to give him the *opportunity to help himself.* I think it is also their obligation to advise with the veteran and, if possible, to keep him from acquiring future financial trouble simply in order to get shelter today."

The record would seem to show that Mr. Templeton's business and banking associates in Cleveland and Painesville subscribe to his views—and what's more, they believe in practicing what they preach.



President Gund

President George Gund expressed the opinion that this low-cost housing program for veterans illustrates that banks are aware of their social responsibility toward their communities and that free enterprise can solve the diverse problems confronting the nation in this postwar readjustment period.

"The Cleveland Trust Company," Mr. Gund said, "has always keenly felt its social responsibility because of the nearly 700,000 accounts which we carry. I am particularly proud of the fact that our organization, under the leadership of Mr. Templeton, who is in charge of mortgage loans, projected the Painesville civic housing idea.

"It is a real opportunity for the ex-serviceman and his family, and if adopted on a national scale, will help greatly in solving the veterans' housing problems. I think, too, it well illustrates that the American free enterprise system can work out many of our problems."

EDITORIAL

THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

THE OUTLOOK. There are signs that we are nearing the end of the strictly imitation prosperity which has prevailed since the war. A vast turnover of used houses at high prices, used cars, used refrigerators, used everything, and goods of inferior quality may bulk large in dollars but is not a measure of economic well-being.

Genuine business progress waits on a full scale resumption of mass production which in turn depends mainly on a return of that long lost prodigal, a balanced national budget.

The failure of mass production in this country to play its full part in the reconversion task and the prevention of inflation is a phenomenon of the first postwar year. Business historians in the years to come will examine it and try to discover why, with facilities and experience to produce much more and better goods, assembly lines had hard going even when there were no strikes.

Monetary Stability

The relationship between the flow of government IOU's and the slowing of assembly lines is so obvious that it is easy to overlook. Successful mass production depends on a fair amount of monetary stability throughout several hundreds, or in some cases several thousands, of industries whose products go into the final article.

The only way this overall certainty can be achieved is by stabilizing the dollar which is the common measuring stick of all businesses. Every business decision must be made with the length of this stick in mind. If it is constantly changing or threatening to change, decisions are avoided, production lags and some essential parts of a mass production operation fail to reach the assembly line. The whole thing is thrown out of gear.

Opinion on Main Street

Business opinion at the counter line along the nation's main streets remains overwhelmingly optimistic and not too greatly perturbed by talk about inflation or a buyer's strike, according to BANKING's latest poll by personal interviews * in 30 cities covering these businesses:

Automobiles
Electric household appliances
Hardware
Agricultural implements—and feed
Department stores & house furnishings
Real estate
General contractors
Clothing stores

* The interviews were made in cooperation with the Market Research Division of R. L. Polk & Co.

Progress Report

How is your present volume of business compared to:
(Percentage of answers)

	Prewar		*Last Year*	
	Above	*Below*	*Above*	*Below*
Agricultural implements and food	37%	63%	47%	53%
Auto dealers	19	81	79	21
Building supply dealers	72	28	84	16
Clothing	94	6	94	6
Department stores and house furnishings	96	4	96	4
General contractors	49	51	58	42
Hardware	87	13	84	16
House appliances	53	47	89	11
Real estate	98	2	85	15
General average	68	32	80	20

Automobiles

More than three-fourths of the automobile dealers interviewed foresaw an increase in business of from 10 per cent to 50 per cent in the next six months. Looking one year into the future their estimates were even higher with almost a third of them predicting a 100 per cent rise in volume and about one-seventh of them ventured a guess of 200 per cent. And their optimism did not stop there, for two-thirds of them expected their sales would be anywhere from 75 per cent to 200 per cent better two years from now.

Household Appliances

Nine-tenths of all household appliance dealers questioned said business was better than a year ago and a small majority of them said it was even above their prewar volume. This might not seem to leave too much room for improvement but the fact is that three-quarters of them anticipate improvement in the next six months ranging from 10 to 50 per cent with most of this enterprising group thinking in terms of a 25 per cent rise. One-seventh of them expect 100 per cent improvement in six months time.

The significant fact about opinion among household appliance dealers is their optimism, which does not reach a peak until they talk about two years hence when about half of them see business up 75 per cent to 100 per cent from what it is now.

(CONTINUED ON PAGE 120)

An Investment Strait-jacket

MARCUS NADLER

DR. NADLER *is professor of finance at New York University.*

IN THE annual report of the Board of Governors of the Federal Reserve System for 1945, recently issued, three important recommendations were made which, if accepted, would have a far-reaching effect on the activities of the banks of the country.

One measure would "empower the Board of Governors to place a maximum on the amount of long-term marketable securities, both public and private, that any commercial bank may hold against its net demand deposits." Another measure suggested is to empower "the Board of Governors to require all commercial banks to hold a specified percentage of Treasury bills and certificates as secondary reserves against their net demand deposits." The banks would be permitted to hold vault cash or excess reserve balances in lieu of government securities. The third measure would be "to grant additional power to the Board to raise reserve requirements within some specified limit against net demand deposits." Since the Board itself recognizes that under present conditions a further increase in reserve requirements is not feasible, this recommendation may be overlooked for the purposes of the present discussion.

The first measure would serve "to restrict the banks' demands for long-term government securities and to strengthen their demand for short-term securities." It would not, of course, apply to the ability of the banks to purchase long-term securities against savings deposits. The purpose of the second measure would be to create stability in interest yields on short-term government securities and thus prevent an increase in the public debt service which would arise from an increase in short-term money rates.

THE reasons for these recommendations are clearly stated in the annual report. In the first place the Board recognizes fully that the volume of bank deposits is exceedingly large and that the supply of commodities available for consumption is still limited. A further increase in the volume of deposits through the acquisition of government securities by the banks, is, therefore, not desirable. Since the Reserve Board has assured the Treasury that the rate of 7/8 per cent on one-year certificates of indebtedness will be maintained, it is impossible for the Board to adopt credit restrictive measures which would bring about an increase in money rates and a possible reduction in loans and investments and hence in deposits.

Under these conditions the Reserve banks are practically under the obligation to buy all certificates of indebtedness offered to them. This in turn creates additional excess reserve balances which the member banks can invest in medium- and long-term government obligations. Since the commercial banks hold some $20 billion of certificates and, at least theoretically, could sell about half of them, they would be in a position to absorb a large amount of medium- and long-term government securities. By imposing restrictions on the amount of long-term bonds that the commercial banks could hold against demand deposits and through the imposition of a certificate or Treasury bill reserve, the banks would be forced to maintain a large volume of short-term government securities and the demand from the banks for long-term government obligations would be drastically reduced. The Board points out that similar voluntary arrangements have been made in other countries between the respective governments and the banks.

Consequences: The argument of the Board, that the volume of deposits is too large and it is not desirable



under present conditions to have a further acceleration in the growth of deposits through the acquisition of government securities by the banks, is irrefutable. Furthermore, it is useless to argue whether the Board's policy of maintaining the present certificate rate is sound. It is the carefully thought through and adopted policy of the monetary authorities and will, therefore, stand. Furthermore, it is highly doubtful whether an increase in money rates would have the desired anti-inflationary effects under conditions as they exist today.

Before such drastic changes in the banking system as are recommended by the Board are accepted, however, they ought to be carefully considered first from the angle of possible consequences and second whether they are really necessary. The imposition of a certificate reserve on top of existing and possibly increased reserve requirements would put the banks more or less in a strait-jacket. Many banks which had made serious efforts to increase their loans might find themselves forced to reduce them irrespective of the consequences to their customers. Some banks might find themselves unable to accommodate their customers.

SECONDLY, it would undoubtedly tend to reduce earnings of the banks. The attitude of the Board and of other authorities toward bank earnings is well known. However, the fact should not be overlooked that expenditures of banking institutions have increased and may increase further. If they are forced to maintain a considerable portion of their earning assets in bills yielding ⅜ of 1 per cent or in certificates of indebtedness yielding not more than ⅞ of 1 per cent, the banks will undoubtedly find their earnings drastically reduced. Since, however, savings or time deposits could be invested in medium- and long-term government obligations without any restrictions there might be a tendency to induce certain customers to shift at least part of their demand deposits into time deposits. Actually this might lead in some instances to a circumvention of the law of not paying interest on demand deposits.

Thirdly, it would be another step in the direction of the 100 per cent reserve banking system, even though in this case the additional reserve would not consist of cash but of short-term government obligations yielding a very moderate return.

The restrictions imposed on the banks that only a certain percentage of medium- and long-term bonds be held by the banks against demand deposits raises a number of questions. What will the attitude of the Board of Governors be if certain banks should have more than the stipulated percentage at the time the recommendations go into effect? Would they be forced to sell these obligations? If so, who would be the buyers? Obviously insurance companies and other institutional investors will not be in the market for the type of securities that are held by the commercial banks at present. These consist primarily of 1½'s, 2 per cent bonds, 2½ per cent long-term bonds and partially tax-exempt maturities. All are selling at a substantial premium.

If, on the other hand, the Reserve authorities were to permit these banks to hold their medium- and long-term obligations irrespective of the percentage, then those banks which have always been in a long position will be favored and those which have been in a shorter position will be penalized. Moreover, it would greatly reduce the ability of bank management to make their own decisions and to utilize their own judgment. After all, conditions differ between banks and while one institution may be satisfied to hold only 10 to 15 per cent of its demand obligations in long-term bonds, others may not be.

The argument of the Reserve Board that voluntary arrangements have been made in other countries between the commercial banks and the treasury is not very impressive because banking conditions in other countries differ materially from those prevailing in the United States. For example, in Canada where the banks agreed to hold a limited percentage of long-term obligations against their demand deposits the volume of savings deposits is very large. For example, at the end of April 1946, of the total volume of deposits, (exclusive of inter-bank deposits) amounting to $6,736,000,000, $2,179,-000,000 or 32.35 per cent consisted of demand deposits, while 48.07 per cent consisted of time deposits subject to notice. The rest consisted of Dominion, provincial and foreign deposits.

In the United States, on the other hand, the demand deposits of all reporting member banks at the end of April 1946 represented 61.59 per cent and time deposits, 22.45 per cent. The rest was composed of governmental deposits. (The above figure excludes inter-bank deposits.) The situation becomes even more pronounced if one classifies the banks according to central reserve, reserve and country banks, as may be seen from the following table:

MEMBER BANK DEPOSITS
Average of second half of April 1946
(Exclusive of Inter-Bank Deposits)

	Demand	*Government**	*Time*	*Total*
Central reserve..	20,159	6,767	2,073	28,999
Reserve cities...	24,849	6,790	10,170	41,809
Country banks..	24,692	4,509	13,157	42,358
Total.....	$69,700	$18,066	$25,400	$113,166
	61.59%	15.96%	22.45%	

* War loan deposits

	Demand	*Government*	*Time*	*Total*
Central per cent	69.52	23.33	7.15	100
Reserve per cent	59.43	16.24	24.33	100
Country per cent	58.29	10.65	31.06	100

Hence the agreement made between the Canadian banks and the Treasury does not affect the Canadian banks as adversely as it would affect some banks in the United States, particularly those located in the large cities.

Are these recommendations really necessary? The principal argument presented by the Board is that so long as the Reserve authorities are committed to maintain the certificate rate at ⅞ of 1 per cent the banks will sell certificates to the Reserve banks, thus creating excess reserve balances, which will be used for the purpose of acquiring additional medium- and long-term government obligations. Theoretically, of course, this is quite possible. Factually, however, the following questions arise.

(1) Will the banks do it? The large banks which are the principal holders of certificates are keenly aware of the necessity of maintaining a large volume of highly

(CONTINUED ON PAGE 108)

Live Banks Make Communities Live

H. R. FARRALL

The advertising manager of the Warren, Ohio, Tribune Chronicle *tells of the experience of two local banks with small loan advertising.*

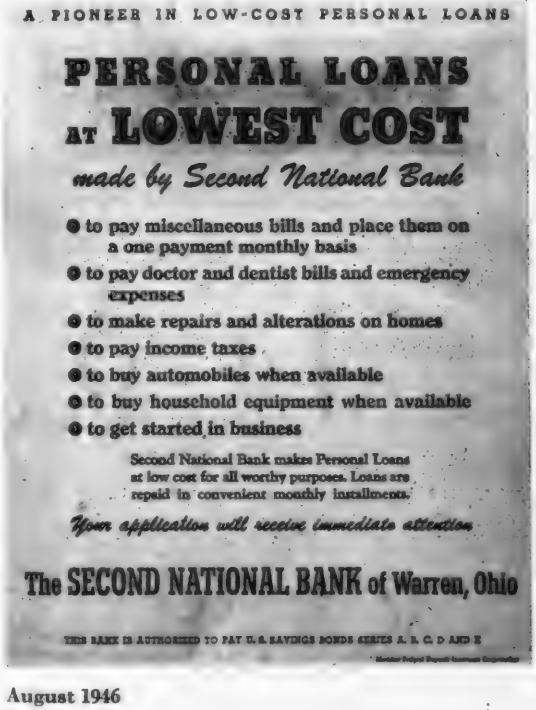
THIS is the story of what two forward-looking banks in the city of Warren, Ohio, have done. Only recently have more than 3,500 of the country's banks ever solicited personal and consumer loans. But our two commercial banks—the Second National Bank and the Union Savings and Trust Company—in this Ohio community of 60,000 population, have been pioneering in this field for the past 10 years. Under the leadership of President Albert A. Williams and Executive Vice-president Robert M. Brown of the Second National Bank, and President A. F. Reed and First Vice-president Claude E. Pumphrey of the Union Savings and Trust Company, a remarkable job has been done.

Realizing the value of newspaper advertising the two banks began an extensive campaign of promotion in the *Tribune Chronicle*, Warren's newspaper. Half of their advertising was directed toward the small-loan and automotive market and the public was convinced that there was a distinct advantage as well as a savings in cost and the establishment of bank credit, in dealing locally when financing automobiles or personal loans.

Just how well they were doing can be illustrated by the statement that in the year preceding the war these two banks handled upwards of 8,000 small loans. This, in a city the size of Warren, makes this one of the largest ratios in the entire country.

Further proof of the wisdom of their program may be had in the figures of the market study made by the R. L. Polk Company for the Warren *Tribune Chronicle.* The first Polk survey was made 15 months ago by Helen Hart Hurlbert, publisher of the paper. She believed that the people of the city could answer the questions being asked by *Tribune* advertisers as to what postwar plans were uppermost in their minds. It proved so valuable that a second study was made, and this one, completed in March, gives valuable data as to present conditions and the thinking of the potential customers of this postwar period. These reports are a 5 per cent cross-section of the city.

A newspaper ad of one of Warren's commercial banks



MRS. HURLBERT wanted to ascertain exactly how folks were feeling about major purchases and how they would finance them. And question Number 29 gives that information.

Here it is: "In your next major purchase (car . . . appliance . . . furniture) will you pay cash or finance it? If financed, will it be through a finance company . . . ? a bank . . . ? or through a dealer . . . ?"

The findings show that of the 15,640 families almost 100 per cent planned to make at least one major purchase. And of the 15,640 families, 8,700 (or 55.63 per cent) intend to pay cash; 5,400 families (or 34.78 per cent) said they would finance; and 1,500 (or 9.95 per cent) said they did not know how they would handle their purchase payments.

In analyzing the number of families which will finance their purchases, and in what way, we find:

940 families (or 17.28 per cent) will use a finance company.
1,940 families (or 35.66 per cent) will work with the dealer.
580 families (or 10.66 per cent) don't know what means they'll use, *but*
1,980 families (or 36.40 per cent) plan to finance through their local bank.

It can thus be readily seen what this small-loan advertising has accomplished for these banks in a comparatively short time, for the greatest percentage of postwar buyers will finance through their banks. However, there is still a larger potential market—the 580 families who "don't know" and the other two groups which can be taught the advantages of bank financing.

Another interesting fact shown in the second survey is that buying intentions were greater and more inclusive during the war when people were earning wartime wages, than now when conditions are unsettled.



These are the junior executive bank guides—



These are the student guests—

[illegible] Bank Careers

IF YOU were a high school graduate, this year, with a spotless white diploma under your arm, would you be likely to choose banking as a career?

American Institute of Banking men in Los Angeles asked themselves that question, back in 1944, and came up with a decidedly negative reply. They did not like this state of affairs. And they decided to do something about it.

In the first place, it was difficult for banks to contact graduates in the Los Angeles schools regarding employment, and present their story appealingly. When they did get into the schools and sold some students on filing applications, more often than not they found that the applicants were unsold before they left school that day—by the faculty. Cooperation between the schools and the banks did not exist.

L. to *r.*: G. M. Montgomery, assistant superintendent, Los Angeles schools; A. M. Tyssee, Los Angeles A. I. B. chapter (former) president; Superintendent of L. A. schools Vierling Kirsey; Joe Bennett, president, A. I. B. chapter; M. Maurice Blair, assistant superintendent, L. A. schools



The reasons for this, the A. I. B. men decided, were about as follows:

(1) A reputation that banks have somehow acquired of being low-paid institutions, and

(2) Teachers were using their credit union for depositing and borrowing funds, thereby eliminating to a degree their contacts with banks.

The bank men agreed that this was not a healthy situation, particularly regarding the faculty, since the sentiments of teachers were conveyed to the students on many occasions, in commercial subjects, history, and economics.

THE first action resulting from this recognition of the low standing of banking as a professional choice was to obtain a spot on the 1944 Los Angeles Teachers' Institute program. This institute is very constructive, as it provides sessions where teachers may obtain information about other fields than their own by attending the meetings from four to five in the afternoon.

"Why a Bank" was the title of that first session. Two bankers talked—one on deposits, the other on credits. Forty teachers were expected. One hundred attended. It was evident from their questions that they knew little about banking and less about negotiable instruments.

In 1945, the A. I. B. presented "The Bankers Clinic" to the institute. It featured three young speakers, whose topics were deposit functions, loan facilities, and trust and escrow services. At this meeting they even













And these are the banks they visited. *Reading clockwise:* Union Bank & Trust Co.; Bank of America, head office; The Farmers and Merchants National Bank of Los Angeles; Security-First National Bank of Los Angeles; California Bank, head office; and Citizens National Trust & Savings Bank of Los Angeles

discussed service charges and interest rates. Two hundred and ten teachers attended, to establish a new record for the institute.

Having tasted success, the Los Angeles Chapter decided to develop a program that would provide relations with school administrators, faculty, and students. The commercial and business education section was selected as the most likely to cooperate, as most of those teachers went to teaching from business.

In December 1945, the bank men entertained 125 persons from the Los Angeles city schools, including assistant superintendents, supervisors, commercial department heads, counselors, and placement teachers. The event was known as the first educator-banker banquet, held at the Hollywood Roosevelt Hotel. An occasion highlighted by good humor and conviviality that demanded smiles and laughs, the primary purpose of the meeting was always kept in view: to ask the help of the schools in obtaining future bankers from the graduating classes, and to offer the facilities of the American Institute of Banking and the Los Angeles banks in the furtherance of business education.

The program below, (outlined in the March 1946 issue of BANKING, page 94) was offered and accepted by Vierling Kersey, superintendent of Los Angeles City schools:

(1) Schools were invited to use the banks as their technicians on any questions pertaining to banking.

(CONTINUED ON PAGE 115)



☆

Carol Birke, winner of L. A. Banker's Day essay contest

The CONSUMER CREDIT

Idea Exchange

This article discussing the methods used by the First Wisconsin National Bank of Milwaukee to educate its correspondent banks in consumer lending techniques was written by RUTH O'NEILL, *of* BANKING'S *editorial staff, and is based upon an interview with* CARL M. FLORA, *a vice-president of the bank and chairman of the Consumer Credit Committee of the American Bankers Association.*

THE correspondent bank system provides a ready-made channel for disseminating information on consumer credit, to the advantage of a bank and its correspondents. A large bank with several hundred correspondents all working together and thoroughly grounded in the fundamentals and techniques of instalment lending, with the benefit of the large bank's background and experience, can introduce a powerful competitive organization into the field, to blanket a specified region within its boundaries.

In early 1944 the First Wisconsin National Bank, Milwaukee, initiated a correspondent bank program designed to convey to some 500 correspondent banks throughout the state, the practical information, methods and technique of personal lending and instalment financing through the dealer. The program was in answer to numerous inquiries from the bank's correspondents seeking technical counsel and guidance in setting up plans for handling personal loans, automobile and appliance financing, instalment loans to small business, and other specialized credits.

For this purpose the bank developed a correspondent bank service "to help you (the correspondent) extend instalment credit on a safe and profitable basis and acquire your full share of the postwar instalment credit business in your area."

The time-credit division of the First Wisconsin, under the direction of Carl M. Flora, vice-president (also chairman of the Consumer Credit Department, American Bankers Association), had previously conducted five years of intensive research on this program. The results of this research and practical application they proposed to make available to their correspondent banks.

FIRST and foremost, the bank assured its correspondents that cooperation rather than competition with them would be the keynote of its policy. The idea would be to make bank instalment credit available in virtually every community in Wisconsin. To interest large manufacturers, the First-Wisconsin would assist them in making arrangements for local bank credit to finance the distribution of their product throughout the state.

MORE than 12,000 banks in the United States are planning to extend instalment credit or expand their activity in this large field when durable goods are in quantity production. And while many of these banks have experience in this type of credit there are others which are not fully familiar with the necessary specialized techniques.

Naturally, the large banks which have pioneered successfully in instalment credit have accumulated a wealth of knowledge and experience which can be of incalculable value to the banks just starting out. To make this information available to them is a service not only to the individual bank but to the nation's bank consumer credit interests. A group of 10,000 or 12,000 banks extending instalment credit on a constructive basis can be of material benefit to our economy.

The first step in this correspondent bank program was a letter announcing the service. Two weeks later a letter followed announcing the preparation of operating manuals on direct lending, and further manuals and additional material to be made available to the banks.

First Wisconsin was careful to assure its correspondents that "we do not seek in any way to influence any bank to enter the specialized field of instalment credit." This assurance was repeatedly given in the course of the program.

In the first Time-Credit Bulletin, Carl M. Flora explained the scope and purpose of First Wisconsin instalment credit information service for correspondent banks. In this issue, in addition to receiving a comprehensive outline of information they could expect to receive, the banks were informed that First Wisconsin had discussed with leading manufacturers and distributors their Wisconsin requirements and postwar plans and were working out arrangements to acquire the documents covering floor plan credit to dealers throughout the state, and, furthermore, "in each case, we will offer the handling of this type of credit to the local bank serving the local dealer.

"We hope that these developments will enable us to channel valuable business to your bank; and of course, if you find that you wish assistance in handling this type of financing, we will gladly offer all possible help—including participation in loans which might exceed your lending limits."

Information was to be sent to the banks in logical

(CONTINUED ON PAGE 110)



The Trend

A. ANTON FRIEDRICH

Professor FRIEDRICH *is on the faculties of New York University and The Graduate School of Banking.*

IS CONSUMER credit an inflationary factor in the present situation? Today, when all economic discussion turns on the issue of inflation, when the policies of government and business are measured in terms of their possible effects on inflationary pressures, it is only natural that consumer credit should come under similar scrutiny. In the present article, we are primarily concerned with the immediate situation of the next six months or a year ahead rather than the long pull when economic and political conditions have obtained some measure of stability, when the production of durable consumer goods and housing construction are in full swing.

The other day the New York *Times* reported that the Hungarian pengo had reached a low in value of 500 quintillions to the dollar, and where a million pengoes was too small a sum to be worth having. In prewar days, 500 quintillian pengoes would have exchanged for approximately 150 quintillian dollars, a total considerably greater than the aggregate wealth of the entire earth. This is clearly inflation in the grand manner.

In the United States an inflationary development as in Hungary is not a remote possibility. Rather what is feared here is that the price developments after World War I will be repeated. It may be well to recall this pattern. Except for a slight dip after the armistice of November 1918, prices rose steadily and sharply through 1918 until May 1920. In May 1920, the break occurred. The deflation of prices was as sharp and precipitous as the rise before it, and there followed a fairly long period of business decline. It is this cycle of "boom" and "bust," of a speculative rise in values, followed by a deflationary correction causing heavy losses and leading to a period of economic stagnation and unemployment which is indicated by present developments as a serious possibility in the United States.

In assessing what weight to give consumer credit in regard to present inflationary developments, it is necessary to identify that part of consumer credit which has a bearing on the matter. It is not the outstanding total of consumer credit which is important. That has already been spent and is now being repaid, and the repayments are deflationary, as is any repayment of debt. Rather it is net increase of consumer credit from month to month which adds to the flow of consumer spending and thus has a positive effect on prices. A further deduction, moreover, should be made. Some part of consumer credit comes from the savings of other consumers or from the capital funds of financial enterprises. In this instance there is only a transfer of funds from one person to another and not a net addition to the flow of dollar demand for goods and services.

How important is this addition of consumer credit dollars to the competition for goods? Compared with the total flow of funds into the hands of consumers through ordinary income payments, the net increase of consumer credit has been of negligible importance. Putting the matter in a statistical form, consumers have increased their borrowing since the war at the rate of less than $2 for every $100 they have received as income. It is a reasonable conclusion that if there were no increase in consumer credit at all, that is, if consumer credit were held stationary at present levels, the forces making for speculative price rises now would be affected only in a very slight degree.

Alongside other items of financial importance such as the national income, government deficits, wage and price levels, consumer credit stands alone in lagging far behind its peace-time norms. Consumer credit has not reached its total of 1941 and is far short of the peace-time norm of 10 per cent of the national income. Moreover, judging by the present rate of increase of consumer credit, the peacetime relationships will not be reached until long after present price developments have completed their run and have reversed their trend.

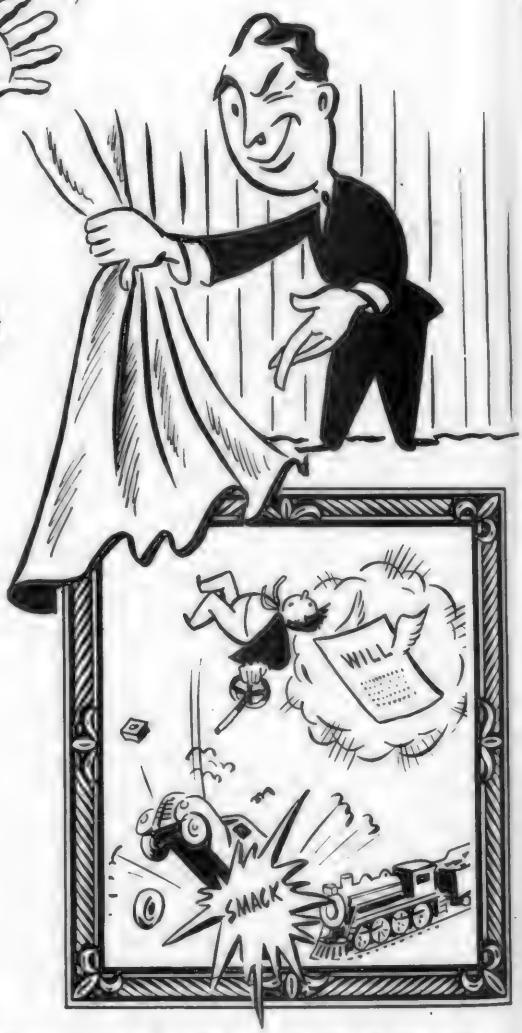
Now there are a number of factors which may account for the fact that consumer credit has not expanded to its prewar levels. Consumer credit was severely curtailed during the war. Although some allowance must be made for the increase of prices and for the increase of population, the high level of income payments make it less necessary for consumers to borrow. Although the huge total of liquid assets is apparently highly concentrated

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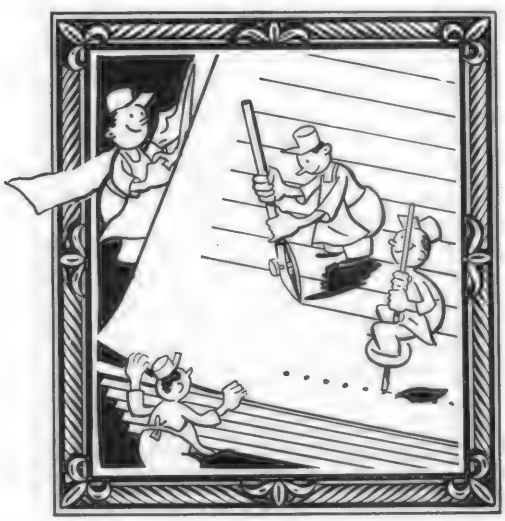
An Album of Wills



(1) The life of every man is guided, influenced and affected by documents—birth certificate, marriage certificate, bill-of-sale, deed-of-trust, securities, service records, and *will*. The last is not the least



(2) No other instrument has more influence on the future of any man's family than his will. And since wills are a very important part of the functioning of trust departments of banks, we present here a gallery of famous (or infamous) wills



(3) The will form. A deceptive device used by individuals who think they can write their own wills. Because they do not understand the value of an attorney's services they fall victim to the printed form, which often results in a defective will, or one that falls far short of their actual intentions

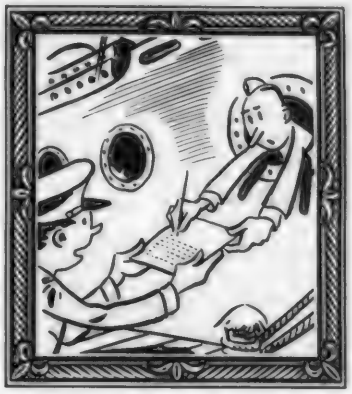
(4) The unwritten will. Good old Tom (rest his soul) used to say, "I know who's going to get my property. Got it all figured out in my head, but I'm keeping it a secret for a while. . . . Nope, I'm not going to put it on paper until things get more settled." Things are very "settled" for Tom now, but he never made a will



(5) The unsigned will. Like a shiny 1946 automobile . . . without gasoline, this will is technically complete except for one detail. It is not signed and witnessed. It contains everything the testator intended for his family. But there is no signature



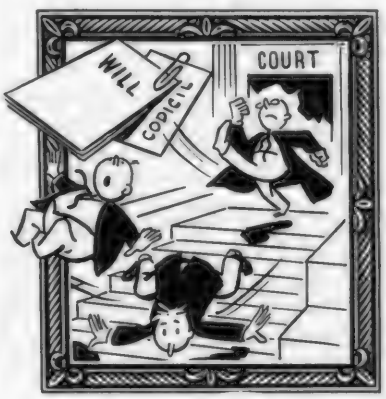
(6) The out-of-date will. This cobwebbed instrument was written in 1920. Since then the testator remarried, inherited a fortune and lost two sons in the war. The will was never revised, and is now as ancient and useless as last year's newspaper



(7) The soldier's will . . . was written on a printed form by a second lieutenant whose only previous contact with the law was an encounter with a house-dick in a Chicago hotel. It was written in a hurry on a defective form just before the soldier went overseas



(8) The lost will. Because it was not kept in a safe deposit box or a will file, this admirable piece of literature will never be read. It resides in an unreachable crevice and it will never provide food, shelter and clothing for the persons whose names appear in it



(9) The rejected will. Has less chance in court than a drunken vagrant with a pocket full of diamonds. Probably "home-made," this invalid will means that the court will distribute the property according to the laws of descent and distribution



(10) The local will. Good as gold in one state but worthless in the other 47. After this will was drawn the will-maker moved across the border into another state. The laws of the state in which he now resides cause his will to be absolutely worthless



(11) The good will. Aside from their personal interest, most bankers are interested in wills because wills may mean business for the trust department. The only effective will (1) is in physical existence, (2) is properly safeguarded, (3) was drawn by an attorney, and (4) will be revised as conditions change



(12) Show this gallery of wills to a friend. It may cause him to take action in regard to his own will, and it may result in business for your bank

17 Months of GI Loan Experience

R. R. MCGUIRE

MR. MCGUIRE *is a newspaper man in Rochester, N. Y.*

DURING the first 17 months of its operation, the Veterans' Financial Service of Rochester, New York, handled inquiries from 4,492 veterans and processed 1,975 applications for loans, of which 889 loans totaling $4,869,829 have been closed by the eight participating banks.

This financial service, operated by the commercial and savings banks, is one of the most active of the organizations established by banking interests throughout the country to aid veterans in need of loans and to set up information and processing channels for the great volume of such activity since V-J Day. Established January 8, 1945, the unit is believed to be the first such agency in the country.

Sixty per cent of all the veterans who have called upon the Rochester financial service have come in during the first five months of 1946. Veterans seeking information on loans have come in at the rate of 25 to 30 a business day during 1946, with the monthly totals increasing steadily to a high of 665 for April. No diminution was noted in the total of 381 calls during the first three weeks of May. Only about one-third of the calls were relative to business loans, the remainder being veterans primarily interested in home loans.

A table showing a breakdown of the total number of inquiries and the action taken on applications accompanies this report.

Policies pursued in the Rochester office are set forth in the following statement issued by Henry H. Stebbins, Jr., a well-known local bank executive and a former member of the Price Adjustment Board, Rochester Ordnance District, who has managed the service since its opening in early January 1945:

Statistical Picture of Activities of Rochester Veterans Financial Service*

	Home	*Farm*	*Business*	*Total*
Number of veterans	2,918	171	1,403	4,492
Number of applications	1,709	27	239	1,975
Applications referred to banks	1,326	13	150	1,489
Applications pending at banks	457	7	38	502
Applications canceled	214	12	51	277
Loans closed	815	1	73	889

*Figures as of May 21, 1946.

IT WAS the thought of the Rochester clearinghouse, in setting up this office, that it would be a convenience to veterans in having one place to go to in regard to placing their loans rather than having to shop around among eight different banking institutions. This office negotiates and processes loans of the three types available under the GI act; namely, home, farm, and business loans. When the cases are prepared, they are forwarded to the bank of the veteran's preference for approval and

(CONTINUED ON PAGE 98)

Below, left, Henry H. Stebbins, Jr., manager, Veterans' Financial Service of Rochester. *Right,* three of the four assistant managers at work. Behind their desks, *left to right,* are William J. Hauser, G. Arthur Besant and Robert J. Walsh. The other assistant manager is Robert F. Moser. After this picture was taken, partitions were erected to give each interviewer a private office





Factor's Lien Financing

J. WARREN OLMSTED

MR. OLMSTED, *loan officer of The First National Bank of Boston, says the Factor's Lien Act gives the banker "an additional tool" with which to do the inventory financing job.*

SHORTLY after V-J Day, inventory was one of the largest single items on America's balance sheet. It did not, however, present much of a problem at the time because management had for the most part provided for it either through adequate invested capital or bank financing in the form of VT-, T-, or term-loans. Had conversion to postwar production come as rapidly as it should have, we might well have found management forced to build its inventory to unprecedentedly high figures, as it added production inventory to cancellation inventory not yet paid for by the Government. Some far-sighted bankers saw this danger in the offing and eight [1] states in 1945 enacted legislation to provide a simplified means of financing inventory.

Although for the past few months we have seen businesses closing down because of a lack of inventory, we should expect to see this situation corrected before long and management in a position to replenish its stock. With receivables down as a result of curtailed sales, companies too small to attract invested capital or unsecured credit may require inventory financing. This presents a problem to the banker because traditionally he dislikes inventory as collateral almost as much as he does bricks and mortar. Generally this is so because for one thing most financiers do not know its value and for another they are not equipped to liquidate it should the necessity arise. Obviously no form of legislation will overcome this feeling, but to those bankers anxious and willing to meet the needs of their customers and communities, the Factor's Lien Act offers a simplified method of inventory financing which gives the lender a good lien on merchandise without taking possession.

TO VEST the lender with good title to the collateral, other methods of financing require possession or control of the merchandise by the lender or a third party. In field warehousing, for example, a great deal of care is taken to establish possession of the merchandise by the warehouseman. To effect a factor's lien, however, this is not necessary, and it is therefore a simpler and more economical device. Financing under the Factor's Lien Act can be used whenever inventory is present, but should only be used when the factor has complete faith in his customer's integrity and in his ability to maintain accurate records. It is not, however, a panacea and by no means replaces field warehousing, which should be used where the lender wants to exercise rather rigid control over the merchandise financed.

Essentially the act is designed to provide a factor with a valid lien on raw, in-process, or finished inventory intended for sale which is located on property owned or controlled by the borrower. The lien once established is valid against all claims of unsecured creditors of the borrower and as against subsequent liens of creditors except those for processing, warehousing, shipping, etc. In most instances the lien is effective for an indefinite period and is applicable to all types of business. Merchandise subject to the lien when sold in the ordinary course of the borrower's business conveys good title to the purchaser whether or not he had prior knowledge of its existence. Under some state statutes the lien follows the proceeds of the sale in the hands of the borrower, and although the lender loses title to the merchandise itself, he does get a lien on the resulting account receivable or cash. Where this provision is not incorporated in the law it is incumbent upon the factor, in order to maintain a collateral position, to obtain an assignment of the account receivable resulting from the sale, unless, of course, a payment is made against the withdrawal of merchandise for sale.

TO effect a lien the statutes vary, but in general the following three steps must be taken:

(1) *The factor must enter into a written agreement with the borrower setting forth in substance that the factor shall have a lien on certain merchandise so designated by the borrower;*

(2) *From time to time the borrower must designate in signed written statements the merchandise to be liened; and*

(3) *A notice of the existence of such a lien must be filed with the proper town, county, or state authority.*

Although, broadly speaking, compliance with those three requirements will effect a lien, in some states a sign bearing the name of the bank as factor must be posted in a conspicuous place where the liened merchandise is stored. Of course, the factor should see that the merchandise is adequately covered by insurance payable in the event of loss to the interested parties as their interests may appear, and as evidence of the obligation a collateral demand note may prove best suited.

The procedure for establishing and maintaining a factor's lien loan is relatively simple and may be best illustrated by citing the case of a small lumber operator who needed financing in order to age his lumber. At the start he was financed under a field warehousing setup, but because the operation proved too small to warrant the overhead necessary to maintain a field warehouse, a factor's lien was substituted.

(CONTINUED ON PAGE 95)

[1] Maine, Massachusetts, Connecticut, Maryland, West Virginia, North Carolina, Ohio, and Missouri (1945); Virginia 1944, New Hampshire 1943, New Jersey 1942, Rhode Island, South Carolina 1938, New York 1911.

THE INVESTMENT MARKET

H. EUGENE DICKHUTH

MID-YEAR investment demand with the proceeds of interest and dividends introduced a quiet but strong undertone in the government securities market. The tendency has been for prices to move up a little in an orderly fashion.

The Federal Reserve Board-inspired letters by the presidents of the 12 Reserve banks to financial institutions in their districts urging amortization and reduction on loans against government securities has resulted in some liquidation which, however, has not affected market dealings to any noticeable degree.

The letters drew attention to the fact that loans made to subscribers of the Victory issues had now run more than six months, although there had been a general understanding such advances would not exceed the half year period. It was pointed out that loans of that type were just as credit-inflationary as bank holdings of governments.

That liquidation was not larger may be explained by two factors. One was that the communication was not published before most of the loans had already been renewed. Secondly, simple arithmetic still makes the loans profitable. Borrowers on the Victory issues obviously had in mind a handsome return on their investments. This is still excellent as may be seen from an example:

Assume an individual subscribed to $100,000 of the Victory 2½s at par and put up $5,000. Supposing the bank-financed loan carries an interest rate of 1¼ per cent, the borrower's costs would be about $1,175. But since his return from coupons is $2,500, his net income is $1,325, or more than 25 per cent on his investment.

It might possibly accelerate liquidation of such loans should national bank examiners, as a matter of policy, be instructed to criticize and question bank loans against governments which have run for a considerable period of time. There are no certain indications this weapon will be brought into play.



Interest Levels

The rise in the short-term money curve, evidenced by the raising of loan rates to dealers in government securities and by the increase of the acceptance discount by the Federal Reserve Bank of New York, may conceivably lead to a hardening of all interest levels.

If that occurs, it would mean a high yield pattern, and mathematical calculations would compel a reduction of prices from current levels for all securities whose market is based on yields—preferred stocks and bonds, both private and government. The Treasury may have to take cognizance of this development by raising the bill and certificate rates.

A political measure which might alter fiscal policies and thus influence the market for Treasury obligations is the Soldiers' Terminal Leave Pay Bill. While nobody begrudges payment of funds to ex-soldiers, it is felt that the timing of such a move—carrying an appropriation of $3 billion—could hardly be worse, coming on the heels of the demise of the Office of Price Administration.

Adding such amount of funds to the already existing money supply is regarded as highly inflationary when a large volume of goods on store shelves is still many months off. John W. Snyder, Secretary of the Treasury, has warned that passage of the bill might retard the program of debt reduction which totaled about $10 program of debt reduction.

Slower debt retirement would mean that bank credit would not be cut down as rapidly as in recent months. Indeed, war loan accounts may have to be used to pay the bonus and thus add to purchasing power. This is hardly consistent with the avowed anti-inflationary policies of the Government.

Another factor of long range importance and possible influence on the market is the credit controls proposed in the annual report of the Federal Reserve Board. They are of no immediate concern, however, because adoption would involve passage of legislation which will not be introduced this year. The reception of the proposals in financial circles was lukewarm and it was felt that this is hardly the time to create more stringencies and institute federal remote control over portfolio management. The matter may come up again, however, later in the year.

A Search for Mortgage Facts

A SURVEY of bank experience in financing urban real estate will be started during August by the National Bureau of Economic Research. The survey, in which 500 banks will be asked to participate, is designed to develop information concerning practices, costs, losses, yields and risks of all types of mortgage lending institutions since 1920. The basic purpose is to develop a background of facts concerning mortgage loan costs, profit margins, and loss reserves, against which current lending practices may be analyzed in the light of the trend toward lower interest rates, longer terms, and higher appraisals.

In a preliminary statement concerning the purposes of the survey, the Bureau points out that more factual knowledge of the experiences of lenders is needed if sound real estate lending practices are to be continued.

"Interest rates and yields on mortgage loans have been declining and the margin over costs left for reserves and profits is becoming smaller and smaller," the Bureau said. "Too few banks know what mortgage lending costs actually are, what the margin actually is that remains for reserves and profits, and how much reserve is actually needed to meet anticipated losses. Except for a few isolated studies, the significant facts regarding losses on mortgage loans during the last depression are obscure. Consequently standards are lacking for determining the minimum requirements for sound lending practices and what rates and terms are necessary to maintain the flow of private funds into the real estate market without risk of excessive loss."

THE Association of Reserve City Bankers, the Life Insurance Investment Research Committee, and the Rockefeller Foundation in the Spring of 1945 pledged $350,000 for a broad fact-finding study of urban real estate financing and a companion study of agricultural finance. The aims of these studies are to develop an organized body of knowledge concerning practices, costs, losses, yields and risks, as a basis for constructive policy-making and to improve the adaptability and strength of our financing systems. It was anticipated that the studies would take about three years to complete. They are being conducted by the National Bureau of Economic Research, an independent, non-profit, fact-finding organization chartered under the laws of New York.

The National Bureau has been conducting research on basic economic questions for the past 26 years and has become well known to bankers during the past eight years through its studies of consumer financing, business financing, and war financing. The present officers include Shepard Morgan, vice-president, Chase National Bank, as chairman; C. Reinold Noyes, president; Boris Shishkin, American Federation of Labor, vice-president; and George B. Roberts, vice-president of the National City Bank of New York, treasurer.

The studies of urban real estate finance will include an analysis of the real estate market and its financing needs; study of different types of lending institutions in the field, their organization, importance, practices, and experience; an analysis of costs, risks and yields; the effect of fluctuations and instability on urban real estate finance; and the influence of government on urban real estate finance. The studies are now under way.

Plans for the study of mortgage lending costs, losses, yields and experience call for analysis of data for insurance companies, commercial banks, savings banks, and savings and loan associations.

The Bureau plans to ask about 500 commercial banks to select a total of 10,000 loans on non-farm real estate from their files in such a way as to provide a representative picture of the non-farm mortgage lending activities of the banks of the nation from 1920 to date. The 500 banks selected for the study are located throughout the country, and range in size from the most important mortgage lenders to very small banks. Preliminary letters explaining the program and requesting cooperation in the study are expected to be sent to the banks during August to be followed in September by questionnaires, on which are to be entered the data for the individual loans. Except for the large banks which will have more loan schedules to fill in, most of the banks will be asked to supply information on less than 20 loans.

The information desired will show location and type of property, type of borrower or obligor, method of acquisition and of termination of loan, date, amount and terms of loans, appraised value of property, interest rate, whether or not the loan got into trouble, and the amount of loss, if any.

SPECIAL schedules are also being prepared for a smaller group of banks to attempt to determine actual costs of making and servicing loans. Similar data on mortgage lending costs and on mortgage loan experience will be sought from the savings banks and from savings and loan associations. These data when assembled and analyzed will for the first time provide reliable information on costs, losses, yields and risk in mortgage lending.

"They will provide a basis for establishing sound lending practices," the Bureau asserted. "The danger of lenders under the pressure of competition engaging in unsound practices or failing to make adequate provision for risk or loss should be reduced. The substitution of facts obtained from these studies for widely differing opinions now existent should also facilitate the establishment of sound public policies and the enactment of beneficial legislation. Elements of instability in mortgage financing should be reduced with consequent benefit to our entire economic and social structure.

"The quality of the results will depend on the cooperation received from lending institutions in supplying the necessary information. Those who are sponsoring and supporting the work, therefore, emphasize the importance of each of the 500 commercial banks responding to the requests for information which will be made during the next few months."



After their study of soil erosion, Belton students found erosion problems on the school ground, and then solved them. Here they are sloping an eroding ditch, which will be planted to a protecting cover of grass

All Business Depends on Topsoil

GORDON WEBB

This is a progress supplement to a story run a year and a half ago (February 1945) about the South Carolina Bankers Association's participation in an unusual experiment in teaching school children in numerous communities the A, B, C's of soil conservation in the classroom as well as on the land itself. The text and photographs used on these pages were furnished by Mr. Webb, who is the head of the Current Information Section, Regional Division of Information, Soil Conservation Service, Spartanburg.

SEVENTH grade boys and girls piled happily out of the school bus and formed a half-moon in the front yard of an abandoned farm house. With windows and doors missing, the old residence looked like a skeleton. The siding was falling off, and the sun sent beams through holes in the roof.

It was such a scene of desolation that the students became silent even before the soil conservationist began talking.

"Look at the level of the soil under the house, and then at the level of the soil here in the front yard," suggested G. A. Meares, district conservationist for the Soil Conservation Service. One youngster opined that the soil under the building was at least two feet, maybe three, higher than the yard.

"That's right," Meares continued. "You can see that two or three feet of soil have been washed out of this yard. But that isn't all. The fields around this house have lost all or most of the good topsoil because of erosion. The bottomlands that used to grow such good crops of corn have been covered with sand and clay from the hills. These bottomlands are now covered with brush and briars. This farm was eroded to death."

What these seventh graders from the Belton, South Carolina, public school saw and heard in the eroded yard of the tumble-down house, and elsewhere on a tour last Spring, is typical of a course taught this year in many South Carolina schools.

The land itself has become a textbook since soil conservation joined the Three R's. In the classroom the students make posters and charts, do simple experiments, and create sandbox farms—all as a means of

Soil conservation fits naturally into South Carolina's new curriculum. Miss Fannie Cannada, Williamston principal, explains to Association President Donald E. Brown, *left, below*, that her fifth graders, as shown by the poster, have learned that plants "give food, clothing and shelter." Miss Evelyn Jones uses a poster made by one of her Grenville High School students to explain contour farming, *right, below*









Williamston boys and girls race from their bus to examine a meadow strip which carries water spilled from terraces, *left*, *above*. Belton seventh grade students, *above*, *right*, learn from District Conservationist G. A. Meares that much soil has been washed from around this abandoned farm home

learning more about erosion control and soil improvement. It's a course which has been taught in both city and rural schools, and presented successfully to fifth, seventh, and high school grades.

This move to get more soil conservation taught in the public schools of South Carolina began in 1943 when District Supervisor Douthit suggested an essay contest on soil conservation for school children. The South Carolina Bankers Association sponsored the contest in cooperation with the state organization of district supervisors. When the contest was closed in the Spring of 1944, more than 5,000 essays had been submitted by students.

Although many fine essays were entered, the contest uncovered one major weakness: Hundreds of school children knew little or nothing about soil conservation. To overcome this weakness, the district supervisors association in June 1944 sponsored a meeting of representatives of the State Department of Education, the State Department of Vocational Agriculture, Clemson Agricultural College, the Experiment Station, the Extension Service, the bankers association, and the Soil Conservation Service, and several school superintendents.

Three teachers were chosen to prepare an instructional union on soil conservation in collaboration with the Soil Conservation Service and the State Department of Education. They turned out a unit suitable for sixth grade students and a soil conservation story, "Over the Hills to the Sea," for the children.

The South Carolina Bankers Association published the booklet, which has been used extensively in the soil conservation courses.

During the year 1944–45 the course was taught in 26 carefully selected schools. Many more schools—just how many is not known yet—added soil conservation to their curricula during the school year just closed.

With pride, Donald E. Brown, new president of the South Carolina Bankers Association, and District Chairman Douthit, both of Anderson, report that in their home soil conservation district covering Anderson, Oconee, and Pickens Counties, 26 schools taught the course this year. That's as many schools as taught soil conservation in the entire state the previous year.

Mr. Douthit and District Supervisor Hugh McGee have accompanied the pupils on tours for first-hand study of the erosion problem, including a tour to permit the Belton seventh graders to learn a soil conservation lesson at an abandoned home.

Mr. Brown, who is president of the Carolina National Bank of Anderson, has visited the class rooms to observe the youngsters learning about soil conservation and to see posters and other materials prepared by the students. He explained that the bankers began assisting in the soil conservation program because they "realized that

(CONTINUED ON PAGE 98)

Belton's seventh graders Larry Craig and Dickie Griffin, *below*, *left*, do a sample laboratory experiment, which proved conclusively that some plant foods found in the soil are soluble in water and, therefore, can be washed or leached away. Williamston Grammar Principal Cannada, *below*, *right*, stops on a field trip to explain to Joan Daniel and William McConnell that kudzu grows fast, spreading and healing gullies and providing hay and grazing for livestock

PHOTOS BY SOIL CONSERVATION SERVICE





Helping the Farmer Keep Books

WARREN GARST

. MR. GARST, *cashier of the Home State Bank of Jefferson, Iowa, is chairman of the Agricultural Committee of the Iowa Bankers Association and a member of the Agricultural Commission of the American Bankers Association.*

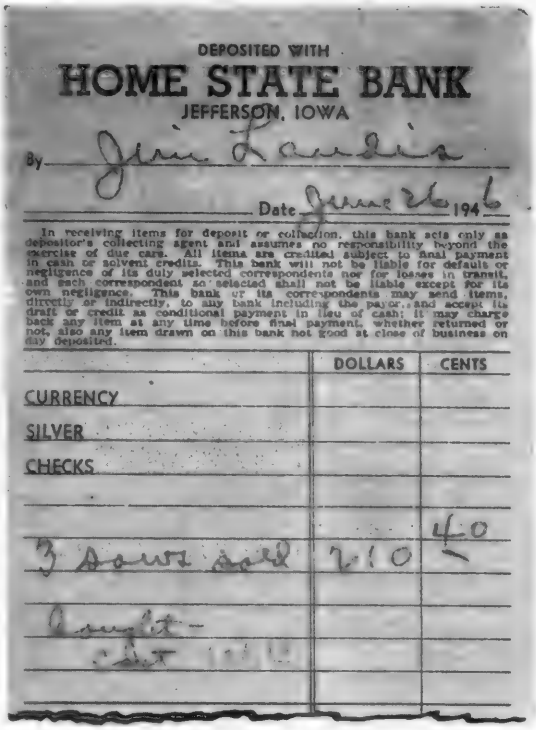
JIM LANDIS," the neighbors told me, "is one of the best farmers in the county." So I was especially interested in Jim's comment that from his college-connected Farm Business Association records he had found that he was better than average with his hogs and his crops, but poorer than average with his cattle.

"You know," Jim said, "I was just as proud of my cattle as anything else on the farm until I found out how I compared with the other farmers." This seemed to call for an addition to the Farm Accounting Service we had been rendering to our farm friends for some four years—a chance to compare their results with those of the other farmers.

A year ago we urged the Agricultural Committee of the Iowa Bankers Association to include in its list of activities the preparation of a new farm account book. The suggestion was followed and the problem passed along to the men long experienced in farm management in connection with the Iowa State College. In fact, Herbert Howell, farm management specialist of the college, made this a first order of business and with the suggestions and ideas gathered from bankers, attorneys and farmers, made up what we believe to be one of the best farm account books for use in the corn belt areas. It is now available to all who are interested, through the college press.

Farmers need three things in connection with an account book. They need to have an accurate record of their income and outgo. Most of the books now available will suffice for that purpose, if they are kept with reasonable care. They need, too, to be able to translate their figures into an income tax report, and a majority of the books will do well at that task also. But they also need something extra, and it was this something in which we were interested—a chance to compare their own figures with those of other farmers, as Jim Landis had been

(CONTINUED ON PAGE 117)



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JEFFERSON, IOWA
By Jim Landis
Date June 26 1946

In receiving items for deposit or collection, this bank acts only as depositor's collecting agent and assumes no responsibility beyond the exercise of due care. All items are credited subject to final payment in cash or solvent credits. This bank will not be liable for defaults or negligence of its duly selected correspondents nor for losses in transit, and each correspondent so selected shall not be liable except for its own negligence. This bank or its correspondents may send items, directly or indirectly, to any bank including the payor, and accept its draft or credit as conditional payment in lieu of cash; it may charge back any item at any time before final payment, whether returned or not, also any item drawn on this bank not good at close of business on day deposited.

	DOLLARS	CENTS
CURRENCY		
SILVER		
CHECKS		
		40
3 Sows sold	210	
Complete Chart		



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OF CHICAGO

Statement of Condition, June 29, 1946

RESOURCES

Cash and Due from Banks	$ 487,556,250.80
United States Government Obligations	1,446,728,764.81
Other Bonds and Securities	41,064,484.40
Loans and Discounts	375,459,066.26
Stock in Federal Reserve Bank	3,600,000.00
Customers' Liability on Acceptances	700,388.49
Income Accrued but Not Collected	5,917,709.81
Banking House	10,650,000.00
	$2,371,676,664.57

LIABILITIES

Deposits	$2,188,364,732.45
Acceptances	740,989.49
Reserve for Taxes, Interest, and Expenses	12,200,708.61
Reserve for Contingencies	18,107,570.52
Income Collected but Not Earned	205,266.24
Capital Stock	60,000,000.00
Surplus	60,000,000.00
Undivided Profits	32,057,397.26
	$2,371,676,664.57

United States Government obligations and other securities carried at $408,814,018.43 are pledged to secure public and trust deposits and for other purposes as required or permitted by law

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Farm Mortgage Pitfalls

JESSE W. TAPP

The author is vice-president of the Bank of America, San Francisco; is a member of the Agricultural Commission of the American Bankers Association; and is chairman of the Commission's Subcommittee on Farm Land Prices. MR. TAPP *served as associate administrator of the War Food Administration with Chester C. Davis during the latter's term as War Food Administrator.*

IN RECENT years the prices of farm land have been increasing at a rate which has caused many to fear that the disastrous land boom and farm debt experiences during World War I and its aftermath might still be repeated. For years following that war many banks serving farming areas suffered heavily, even disastrously, as a result of direct or indirect participation in the excessive farm mortgage lending of that period.

Thus far the behavior of farmers and of lending agencies with respect to farm mortgage loans during World War II is reassuring, but there is still need for caution.

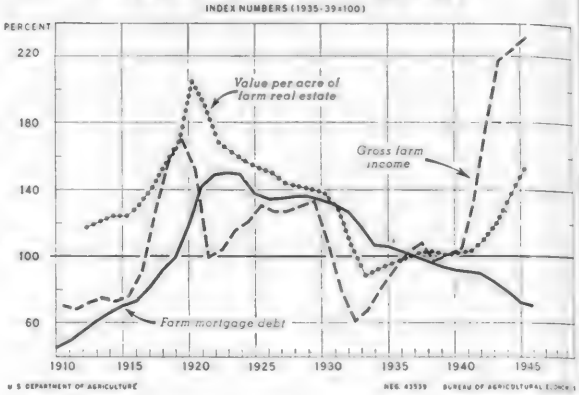
The volume of farm mortgage loans held by insured commercial banks reached a low point of $445 million at the end of 1943. This represents the lowest volume of such bank loans for more than 30 years. Between December 31, 1943 and December 31, 1945 the farm mortgage loans held by banks increased to $507 million, an increase of 14 per cent. During the same period the total farm mortgage debt declined about 10 per cent. It may be well, therefore, to examine recent experience with respect to farm mortgage loans and the role which banks have in these developments.

AT THE time of Pearl Harbor the volume of farm mortgage indebtedness in the United States was estimated at about $6½ billion. This represented a reduction of approximately 40 per cent from the peak of $10.8 billion reached in 1923. However, much of that reduction was accomplished through the painful route of foreclosure.

In the next four years it is estimated that some $3.6 billion of farm mortgages was written. An important portion of this undoubtedly represented refinancing of already existing mortgages or the use of mortgages as additional security for short-term loans. Nevertheless, in spite of the volume of new mortgages written since January 1, 1942, the volume of farm mortgage debt outstanding at the end of 1945 is estimated at about $5 billion. This net reduction of almost one fourth in the amount of mortgage indebtedness has been made primarily as a result of a high level of net farm income during the war years.

This trend in farm mortgage indebtedness is in striking contrast to the increase in farm mortgage debts during World War I and the boom in farm land prices which culminated in 1920. During that period most of

FARM-MORTGAGE DEBT, 1910-46; VALUE PER ACRE OF FARM REAL ESTATE, 1912-45; AND GROSS FARM INCOME, 1910-45; UNITED STATES



the farm mortgage debts were incurred which later resulted in such disastrous consequences to both borrowers and lenders. Undoubtedly the vivid memory of the farm foreclosures and country bank failures of the 1920's has helped to avoid a similar growth of farm mortgage debts in recent years.

The increase in farm land prices since the prewar years, 1935 and 1939, has closely paralleled the increase between 1916 and 1920. In fact, the average level of farm land prices in about one-third of the states has already passed the similar 1920 peak. This recent increase in prices has been accompanied by active speculation in farm land in some areas. The Department of Agriculture reports that more than half of the recent farm land transactions have been made without the use of mortgage credit. However, the farm mortgages closed or recorded in 1944 and 1945 were at the rate of about $1 billion each year. What is the source of this mortgage credit and under what conditions is it being supplied?

At the beginning of 1942 about 40 per cent of the $6.5 billion of farm mortgage debt was held by the Federal Land banks and the Federal Farm Mortgage Corporation. The next largest groups of institutional holders of farm mortgages were the insurance companies with 17 per cent and insured commercial banks with 8 per cent. Slightly more than 3 per cent were held by the Farm Security Administration, three state credit agencies (Minnesota, North Dakota and South Dakota) and the Joint Stock Land banks (in liquidation). The remaining 32 per cent were held by individuals and miscellaneous lenders.

It is significant that most of the net decline in the volume of farm mortgage indebtedness since January 1, 1942 is represented by the decrease in the farm mortgage holdings of the Federal Land banks, the Federal Farm Mortgage Corporation and the insurance companies. The approximate farm mortgage holdings

of the principal groups of lenders at the beginning and close of the war period are as follows:

HOLDERS OF FARM REAL ESTATE MORTGAGES

Group of Lenders	*Jan. 1, 1942 Millions*	*Jan. 1, 1946* Millions*
Federal Land banks and Farm Mortgage Corporation	$2,516	$1,300
Insurance companies	1,063	870
Insured Commercial banks	535	507
Farm Security Administration	122	190
Three State Agencies and Joint Stock Land banks	87	25
Individuals & other misc.	2,160	2,108
Total	$6,483	$5,000

*Approximate.

From the above comparison it is apparent that the principal suppliers of farm mortgage credit during the war years have been individual lenders (including the sellers of farms), commercial banks and the insurance companies, in the order named. Data on the volume of mortgage loans closed or recorded for the years 1942 to 1945 inclusive indicate that the above groups ranked approximately as follows in the dollar volume of farm mortgages made:

Lending Group	*Per cent*
Individuals	37%
Commercial banks	26
Insurance companies	18
Federal Land banks and Federal Farm Mortgage Corp.	11
Other Miscellaneous	8
	100%

The increasing importance of individual lenders as a source of farm mortgage credit reflects the willingness or desire of sellers to retain a mortgage on the property sold. It also reflects an accumulation of surplus funds in farming areas as a result of improved farm income.

The high level of farm income during the war years made possible a rapid repayment of mortgage indebtedness. As a result there has been no net increase in the volume of farm mortgages held by commercial banks, individuals and other miscellaneous lenders in spite of the large portion of the new farm mortgage lending which these groups have done during the war years. By contrast the net increase in farm mortgage debt during the five years from January 1916 to January 1921 was at the rate of $1 billion per year.

However, the official reports indicate that in 1944 and 1945 the volume of credit extended to purchasers on about one-third of the farm sales was 50 per cent or more of the sales value. About 15 per cent of the purchases in these years involved mortgage credit of 75 per cent or more of the sales price. Such trends if continued could lead to difficulty unless farm incomes are maintained at a high level.

Legal Limitations on Farm Mortage Loans by Banks

All national banks are subject to statutory restrictions on the term of years for which farm mortgage loans may be made and also as to ratio of such loans to the value of the property. State banks in 32 states are subject to similar limitations although there is considerable variation in the specific limitations in different states.

A national bank is permitted to loan 60 per cent of the appraised value of a farm for a period of 10 years, provided such loan calls for amortization payments which will reduce the loan by 40 per cent within the period. A further limitation requires that the aggregate of all farm and city real estate loans may not exceed 60 per cent of the bank's volume of savings deposits.

The 10-year limitation on farm mortgage loans is frequently a handicap to banks in making farm mortgage loans best designed to meet the needs of farmers. This limitation has probably not been a serious handicap to national banks during the past five years, but with the return of more normal conditions with respect to prices and farm income it is likely that many farmers will need or prefer a longer period of amortization for their mortgage loans. In many respects the relaxation of the restriction with respect to the term of such loans would enable the better adaptation of farm mortgage loans made by banks to the needs of farmers, particularly the younger farmers.

The need for a longer period of amortization of farm mortgage loans was recognized in the legislation authorizing farm loans to veterans. National banks are permitted to make such loans on a partly guaranteed basis for a period of 40 years.

Interest Rates

The interest rates on farm mortgage loans have reflected the general trend toward lower money rates during the war. There is active competition for good farm mortgage loans in most farming areas. This has resulted in rates usually ranging from 4 to 6 per cent depending upon the size of the loan, the rate of amortization and the classification of the area from the standpoint of inherent risks in farming.

Such information as is available indicates that rates of 4 to 5 per cent are most common for farm mortgage loans, except for the smaller loans or those written on a very short term basis. While the variations between farming areas have narrowed in recent years there is still a tendency for rates to be higher in the high-risk farming areas. In the better farming areas where the competition for farm mortgage loans is most active the conservative farmer borrower can all but name his own rate provided the other features of the desired loan are satisfactory.

Low Rates Not Unmixed Blessing

However, the low interest rates to farmer borrowers are not an unmixed blessing. There is ample evidence to indicate that the low rate of interest available to investors has been an important factor contributing to the bidding up of farm land prices. Thus the farmer who borrows in order to buy a farm gets the benefit of a lower interest rate on his mortgage but must purchase land at prices which reflect the capitalization of annual income at a correspondingly low rate of return.

It is readily apparent that the hazards of farm mortgage loans are potentially greater now than they have been at any time in the past decade. This does not mean that banks can not make sound farm mortgage loans in 1946 or 1947. But it does mean that it is urgently

(CONTINUED ON PAGE 99)

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News Around and About

Merchandising . . . Bank Operations . . . Legislation . . . Better Farming

This selection of news for country bankers was prepared by MARY B. LEACH *of* BANKING'S *staff.*

Legislation Affecting Farm Credit

RECENT federal legislative developments affecting agricultural credit included the passage by both the House and Senate of a compromise bill, H. R. 6477, extending the authority to make Federal Land Bank commissioner loans. This is the sixth extension of this "emergency" activity since it was initiated in 1933.

This bill had been voted down previously in the House Committee on Agriculture; however, Chairman Flannagan, of that committee, carried the fight to the floor of the House and was able to secure extension for one year.

Under a compromise provision of the bill the Farm Credit Administration is required to report to the Senate and House the results of "a thorough study of ways and means to make available to the farmers, through the Federal Land Bank System, loans similar to those now made by the land bank commissioner" at the expiration of this extension on June 30, 1947.

The Johnson Bill (S.2280) authorizing the Federal Farm Mortgage Corporation to purchase from approved lenders farm loans which are guaranteed or insured under the Servicemen's Readjustment Act has passed the Senate. It would create a secondary market for such loans.

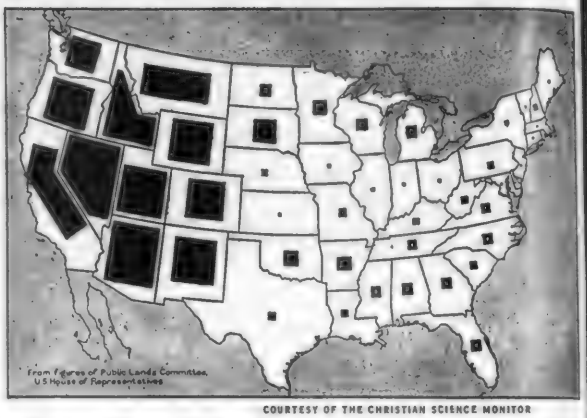
The Senate also has agreed to substitute the Bankhead Bill (S.1507), which increases the powers of the Farm Security Administration and its right to lend, for the Cooley Bill (H. R. 5991), which had already passed the House and which would centralize all direct government lending to farmers in one agency, the Farmers' Home Corporation, and abolish the Farm Security Administration, Feed and Seed Loan Division of the Farm Credit Administration, and the Regional Agricultural Credit Corporation. However, there is considerable doubt as to whether a workable compromise can be reached on these measures in conference.

Another Federal Farm Credit Agency Proposed

Creation of a new federal lending agency or the delegation of authority to an existing agency to provide backing for settlers on the million-acre Columbia Basin project of south-central Washington has been urged in a recently released report entitled "Financial Aid for Settlers," prepared by an eight-man committee of investigators.

This resettlement project comes under the jurisdiction of the Bureau of Reclamation of the U. S. Department of Interior. The investigators are employees of the Bureau of Reclamation, the Farm Credit Administration, State Department of Conservation and Development, and Bureau of Agricultural Economics.

This report may be obtained at 25 cents a copy by writing the Superintendent of Documents, Government Printing Office, Washington.



COURTESY OF THE CHRISTIAN SCIENCE MONITOR

This map shows the extent of Federal Government ownership of lands in the 48 states. Within this public domain the Government holds a considerable acreage of territory, which, if improved through irrigation and other means, would offer new opportunities for farm development. Much of the remaining public land is now reserved for national parks, etc.

Agricultural Folder Revised

A revision of the folder entitled "How You Can Keep Agriculture Financially Sound," prepared by the A.B.A.'s Agricultural Commission and sent to all banks during the War, is in progress and when completed will be sent to all members.

This revision will include additional material of interest to banks in the postwar reconversion period.

Commerce Department's Farm Analysis

The farm market is now larger than ever before and it should play an important part in bolstering the postwar economy, according to an article in a recent issue of *Survey of Current Business*, official publication of the Department of Commerce.

It was emphasized that there is a close economic interdependence between the farming and business communities and that there can be no sustained prosperity for either unless both prosper.

"Although about 5,000,000 persons left the farm during the period 1940–1945, the net income of farmers

increased from $5,600,000,000 to $14,800,000,000 during the period," according to the Department of Commerce.

"In 1940 there were some 30,000,000 people living on farms, or 23 per cent of the total population. This number decreased to 25,000,000 or 18 per cent of the total population in 1945. The wartime exodus from the farms was more than double the decrease during the 30-year prewar span, 1910–1940.

"There is as yet no evidence of any extensive back-to-the-farm movement even on the part of service people who were drafted away from farm areas. Farm population figures for January 1946 show a small increase over the levels of 1944 and 1945, but the farm population is still 4,600,000 below what it was in January 1940.

"The present rise in farm real estate prices is reminiscent of the speculative boom following World War I. On March 1, 1946, the index of farm real estate prices was 69 per cent above the 1939 index figure. This compares with a 70 per cent increase in the index from 1913–1920. However, per acre farm land prices have not yet reached the level of 1920, and one relatively favorable factor in the present situation is that credit financing of sales has been a minor factor. More than half of all 1945 farm real estate sales were for cash.

"From the long-term point of view, farm prosperity should continue at least until well into 1948, but after that there is no assurance that the old farm problem—lack of adequate markets and hidden farm unemployment—may not again appear," the Department of Commerce said.

"The best insurance of continued farm prosperity lies in an adequate number of jobs in business and industry for the excess farm population and continued business prosperity with a high level of wages so that the people can continue to buy farm products.

"Some 50 per cent of the nation's farms produce about 90 per cent of the agricultural output, and there are many farms that furnish only a meager subsistence and very little cash income to their operators. During the war some of the marginal farms were abandoned or merged into larger farms.

"The birthrate on the farms is larger than that in the cities and this, coupled with the trend towards increased mechanization and larger farms, means that increasing numbers of farm people will be seeking industrial employment."

Bank Assistance to Farm Youth

A survey of banks taking the lead in sponsoring 4-H Club and Future Farmers of America projects by the Committee on Farm Youth Activities of the A. B. A.'s Agricultural Commission has turned up a number of interesting case histories which should prove helpful to other banks contemplating wider participation in promoting and financing youth programs.

Although the Agricultural Commission contemplates publishing these case histories in a booklet for distribution to country banks early this Fall, because of their informative nature two typical examples of these project reports are included in this section.

Youth Calf and Pig Program

"This bank adopted a policy some years ago in helping boys to buy calves and pigs for feeding purposes in connection with their school work, with the understanding that the animal would be shown at our county fair," writes J. N. Edens, chairman of the board of The First National Bank of Corsicana, Texas.

Mr. Edens' letter continues:

"Of course, the winners received the ribbons, etc. The auction was held the latter part of the fair and the boys usually received a nice profit on their work, provided the animal was properly taken care of as outlined by their agricultural teachers.

"We have carried this program on for some years. Usually the agricultural teacher helped the boy to find a calf. We loaned him money on his own note, sometimes with his father signing it, charging him 4 per cent interest per annum. At the time he borrowed the money he paid 7 per cent into an insurance fund. This was done to protect both the boy and the bank. If for any reason he did not want to sell his calf and we carried the note another year, he paid 5 per cent per annum into the insurance fund. Of course, he could pay the 5 per cent on the cost of the animal, or on the unpaid balance.

"We also loaned boys money to buy young cows and sows used in connection with their agricultural school work, said loans being on the same basis.

"The above program was handled by the county agent with the assistance of the local agricultural teachers. They made regular inspections, advising with the boy, which proved to be very helpful. In some schools the boys were given certain credits on papers on the feeding and taking care of the animal. All proved very interesting.

"Over a period of years with several hundred loans, our losses have been very nominal. We received fine cooperation from the county agents and the agricultural teachers. Of course, these small loans at the cheap rate of interest were expensive, but the goodwill and the good the boys received were well worth the time and effort.

"At present our volume of loans to boys is very small, due to the good financial condition of our farmers. However, they are still carrying on this work and it has added much to the success of our district fair."

4-H Corn Production Contest

The corn production contest for 4-H Club groups, sponsored last year by the First National Bank and the

C. W. Bailey, president, First National Bank of Clarksville, Tennessee, and A. B. A. vice-president, *left*, is shown going over an agricultural equipment financing plan preparatory to signing an agreement providing for his bank's financing International Harvester Co. equipment in the Clarksville territory. With Mr. Bailey are: J. B. Miller, Clarksville IHC dealer, *center*, and J. P. Laueffer, of IHC's Nashville branch





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Canton Exchange Bank of Canton, Mississippi, is described in a letter from Canton Exchange Bank President F. E. Allen, which follows:

"This corn production program was initiated in the Spring of 1945 among the 4-H Club group with the assistance of the county agent and his assistant. In launching this program we felt that it would fit in well with the present calf program. Then, too, we have always stressed diversification among our farming constituency and we have especially tried to impress upon them the importance and necessity of raising sufficient food and feed crops, for as someone has well said, 'Very few farmers go broke when their cribs are full of corn.'

"The formula and rules for the program were set up by N. S. Estess, county agent, and J. H. Price, assistant county agent, who explained the program in detail and outlined the requirements to the enrollees. Practically all the 4-H Clubs in the county had entrants last year in the contest. We used an open pollinated variety of seed corn in 1945, but this year hybrid seed corn is being tried.

"The two banks provided the seed corn and prizes for the winners in the contest. Considerable publicity to the program was given through our local newspaper, and the assistant county agent visited the farms of the various enrollees several times during the contest, and pictures were made of several plots of corn."

"In addition to the county awards," he writes, "the county winner was eligible to compete for the district awards sponsored by the American Potash Institute, Inc. The award for the state championship record was a free trip to Chicago with the state 4-H delegation last December. Thus, the entrants had plenty of goals to work toward.

"Last year 18 club members participated in the contest, but the enrolment for 1946 has increased to 30 members, which evidences the growing interest on the part of the membership. The two banks recently sent out letters of encouragement to all of the enrollees.

"So much interest was created among the members of the Rotary Club here when the awards were presented last Fall that many local business men offered to help support the contest this year, but we felt it better to leave the program under the joint sponsorship of the two banks.

"We are glad to make the contribution to the 4-H Club work and it is our objective to bring new members into the contest each year, thereby creating new interest and activity. We are ever

mindful of the fact that the youth of today are our potential customers of tomorrow."

Bankers Help Stop Erosion

More than 125 people at Opelousas, Louisiana, listened recently when Henry C. Dillard, chairman of the agricultural committee, Louisiana Bankers Association, said: "We bankers of this state have realized that the soil which supports us is washing away fast and that it is part of our job to help stop that erosion."

Louisiana bankers are helping stop that erosion. So are bankers elsewhere. For example, in Arkansas, Louisiana and Oklahoma the bankers are encouraging farmers to work with soil conservation districts in installing coordinated soil-saving measures which improve crop yields and profits while holding the topsoil in place.

In each of those three states frequent meetings sponsored by local banker-members of the state banking associations are being held to present deserving farmers with certificates of award for merit in conservation farming.

The bankers' program got its start in the Summer of 1942 when the Oklahoma Bankers Association awarded 22 certificates to farmers working with the Cleveland County Soil Conservation District, just south of Oklahoma City. Late in 1944 Louisiana bankers began a similar program in the D'Arbonne and Dorcheat Soil Conservation Districts at Farmerville and Caney Lake, Louisiana.

Arkansas bankers got their start in recognizing conservation farmers in December 1945, when they awarded certificates of merit in the Illinois Bayou Soil Conservation District at a meeting in Russellville, Arkansas.

The number of men in the three states who have received the awards is approaching 2,000. To be eligible for a certificate of award, the bankers associations require that a farmer be a cooperator of his local soil conservation district and that he install all of the conservation measures recommended for his farm under an agreement which he and the district supervisors, with the help of Soil Conservation Service technicians, have worked out.

Usually the certificates are presented in connection with field days which the soil conservation districts sponsor. Some are given at barbecues, dinners, and public meetings which the bankers' associations work up.

Self-interested or not, bankers have taken a valuable step toward assuring the continued prosperity of agriculture. Their work has not only invited attention in banking journals, but has been the subject of frequent reports in daily newspapers and in farm magazines. It has interested the farmer in doing just a little better job of applying the necessary conservation measures. It has caused numerous private and public organizations to take a second look at the farmland which supports them. The bankers programs in Arkansas, Louisiana and Oklahoma are an integral part of the popular support the local soil conservation districts must have before they can succeed in their single objective of soil and moisture conservation for all of every farm and ranch.



W. W. Campbell, *left*, chairman of the A. B. A. Agricultural Commission's Soil Conservation Committee, with Ernest W. Reed, farmer cooperator of Atkins, Arkansas, an Arkansas Bankers Association soil conservation award winner

Hoard's Dairyman On Bankers

An editorial in a recent issue of *Hoard's Dairyman* discusses the advantages of a close working arrangement between farmers and their bankers. In pointing up the importance of bankers acquainting themselves with the business practices of farming, it cites the case of a banker, who, by failing to do this, furnished a perfect example of how a banker can harm rather than help a farmer. The facts set forth by the editorial were:

A banker "loaned money to a farmer for a year for the purpose of purchasing some dairy heifer calves. At the end of the year the banker demanded his money, so the farmer was forced to sell his heifers." The editorial goes on to state that "the banker had not helped this man by lending him money; in fact it injured him. If he had extended the loan till the heifers began to return something to the farmer, the banker would have helped both the farmer and himself."

The *Dairyman* continues by commenting that "it is a hopeful sign to note that most bankers *are* informing themselves upon business methods of farming so that they can render the farmer good business judgment." It pointed to a motto on the wall at a recent banker-farmer convention, reading: "Take interest in the farmer as well as from him," to illustrate the point that "the prosperity of the bank and the farm go hand in hand."

Flying Farmers Form Organization

The latest state to plan a Flying Farmers and Ranchers Club is Colorado, where a rural aviation conference was held July 16 at Colorado A. & M. College, Fort Collins. Farm and ranch fliers landed at the Christman Field of the college; set up an organization; selected officers and elected delegates to the National Flying Farmers Association at Stillwater, Oklahoma, August 2.

Oklahoma and Nebraska have previously formed similar farmers flying clubs.

In Idaho a meeting was held of persons interested in the use of airplanes for applying insecticides. Called by Dr. W. E. Shull, entomologist of the University of Idaho, about 60 persons were present to discuss regulations pertaining to aircraft operations for agricultural dusting and spraying, et cetera.

— National County Agent

IRVING TRUST COMPANY
NEW YORK

CHARTER MEMBER NEW YORK CLEARING HOUSE ASSOCIATION, OCTOBER 4, 1853

Statement of Condition, June 30, 1946

ASSETS

Cash and Due from Banks	$ 254,085,256.08
U. S. Government Securities	725,724,386.44
Other Securities	4,819,153.84
Stock in Federal Reserve Bank	3,088,100.00
Loans and Discounts	243,576,235.87
First Mortgages on Real Estate	7,002,875.79
Headquarters Building	15,146,000.00
Customers' Liability for Acceptances Outstanding	2,497,397.63
Other Assets	3,535,657.93
	$1,259,475,063.58

LIABILITIES

Deposits	$1,130,335,994.05	
Official Checks	7,687,210.69	$1,138,023,204.74
Acceptances	$8,833,679.28	
Less Amount in Portfolio	5,443,559.89	3,390,119.39
Reserve for Taxes and Other Expenses		3,773,902.34
Dividend payable July 1, 1946		750,000.00
Other Liabilities		1,470,984.18
Capital Stock	$50,000,000.00	
Surplus and Undivided Profits	62,066,852.93	112,066,852.93
		$1,259,475,063.58

United States Government Securities are stated at amortized cost. Of these, $173,498,490.53 are pledged to secure deposits of public monies and for other purposes required by law.

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STATE ASSOCIATION ACTIVITIES

This selection of items covering the activities of various state bankers associations is prepared for BANKING *by* EMILY J. KIMBALL, *editorial assistant in the State Association Section of the American Bankers Association.*

CALIFORNIA. Improve bank public relations in California by making bank customers of the two million adult Californians who are not regular users of bank services—that is the proposition set forth in a booklet, "Here's a Public Relations Idea," just issued by the public relations committee of the California Bankers Association. The booklet sheds much light on trends of public opinion as they affect banking, which should be of interest to bankers seeking to sell their banks' services.

★ ★ ★

CAROLINA BANKERS' CONFERENCE. With its first postwar program the tenth Carolina Bankers' Conference offered participating bankers a week of stimulating and informative sessions on practical bank operating methods and problems.

Conference leaders included William G. F. Price, vice-president of the American National Bank and Trust Company of Chicago, and Graduate School of Banking faculty member, lecturing on bank credit and new types of bank lending; J. Harvie Wilkinson, Jr., vice-president of State-Planters Bank and Trust Company of Richmond, who discussed banks' investment programs; T. Allen Glenn, Jr., president, Peoples National Bank of Norristown, Pennsylvania, and Graduate School of Banking faculty member, conducting lectures on bank operations and service charge cost analysis; Cecil Thomas of the Federal Reserve Bank of Richmond, a farm management specialist, lecturing on farm credit and participating in other farm programs. J. Grey Wolff of the Wachovia Bank & Trust Company, led discussions on consumer credit.

A.B.A. staff members A. G. Brown, Walter French, Leroy Lewis and John Mack also took part in the program. Panel discussions covered such topics as GI loans, inflation, farmer-banker relations, and "What the Public Expects of Banks."

A panel discussing "Developing Farmer-Banker Relations" at the Carolina Bankers' Conference in Chapel Hill. *L. to r.*, A.B.A. Deputy Manager A. G. Brown; Garland Johnson, executive vice-president, The Bank of Elkin; A.I.B. Assistant Educational Director Leroy Lewis, who acted as panel leader; and Cecil Thomas, bank relations department, Federal Reserve Bank, Richmond



COURTESY "TARHEEL BANKER"



COURTESY "MICHIGAN INVESTOR"

Ira A. Moore, president, Peoples National Bank of Grand Rapids, and Joseph M. Dodge, president, The Detroit Bank, at the convention of the Michigan Bankers Association at Mackinac Island. Both Mr. Moore and Mr. Dodge are former presidents of the Michigan association. A resolution was adopted by the Michigan group endorsing Mr. Dodge for election to the vice-presidency of the American Bankers Association

★ ★ ★

GEORGIA. Georgia bankers at their 54th annual convention adopted a bankers' code of ethics embodying the principles of banking's trusteeship in guarding the welfare of customer, stockholder, employee, community, competitor, fraternity and state.

★ ★ ★

KENTUCKY. July 23 to 25 were profitable days for Kentucky bankers attending the seventh annual Kentucky Bankers Conference at Lexington. Outstanding authorities were on hand to discuss subjects of current general interest—among them Carl M. Flora on consumer credit, Professor Raymond Rogers on government bond portfolios, and Francis X. Pavesich on GI loans.

★ ★ ★

MONTANA. Robert C. Wallace, secretary of the American Building & Loan Association in Helena, has been appointed secretary-treasurer of the Montana Bankers Association, replacing C. J. Larson, assistant manager of the Federal Reserve Bank in Helena. Mr. Wallace was formerly a state bank examiner and joined the American Building & Loan Association in December 1939. From January 1943 to February 1946 he served with the U. S. Army.

★ ★ ★

NORTH CAROLINA. Pledging itself to serve bankers and the veteran program, the GI committee of the North Carolina Bankers Association has inaugurated an aggressive veteran policy. The first move was circulation of a questionnaire among member banks to gauge the extent of GI loan activity in the state, and round up suggestions for constructive committee projects. To promote banker know-how on GI loan technique, the committee has provided members with reprints of Alexander J. Guffanti's "Nine Steps in Preparing a GI Business Loan" and has offered to supply speakers for civic, community or bank groups.

★ ★ ★

TEXAS. The newly-created public relations committee of the Texas Bankers Association is headed by Hugh J. Bernard, vice-president of the Second National Bank of Houston. Active for many years in bank public relations, the new chairman states his conception of the problem goes a long way beyond advertising and publicity, and hopes to arouse Texas bankers to a greater consciousness of the need for keeping banking in the best possible light in the eyes of the public.

★ ★ ★

New State Presidents

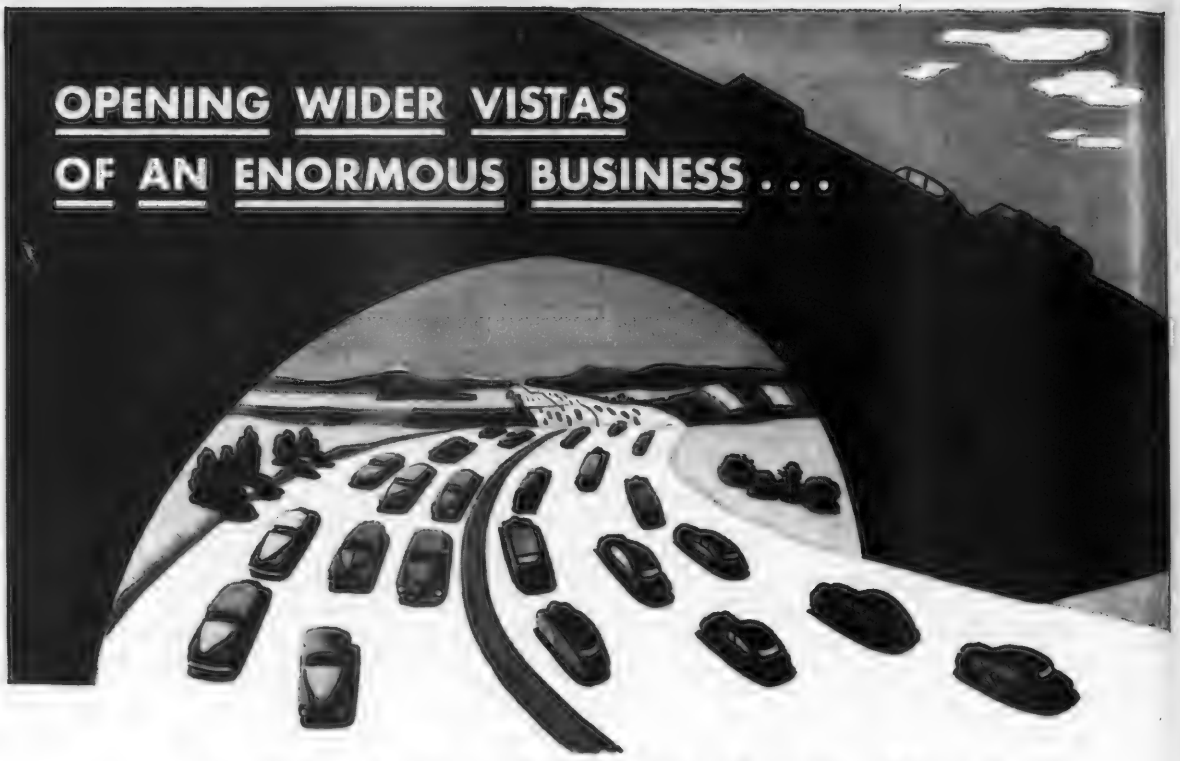


S. S. ADAMS
Connecticut



S. W. MILLER
D. of C.

(CONTINUED ON PAGE 65)



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Providing for low-cost dignified banking credit for customers and complete financing services for Dealers, the American Bank Credit Plan opens broader new-business horizons for all Member Banks. That is why it is being so widely accepted by banks as the most comprehensive and practical time-purchase Plan for Dealers and car buyers yet developed.

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New State Presidents

(CONTINUED FROM PAGE 63)



R. J. COMSTOCK
Idaho



W. L. SKELTON
Maine



A. W. SANDS
Minnesota



C. W. ADAMS, JR.
New Hampshire



C. W. BURGES
North Dakota



H. W. GAUNTLETT
Oregon



E. W. THOMAS
Pennsylvania



L. C. FOREMAN
South Dakota



A. D. BROCKMAN
Tennessee



J. M. WALLACE
Utah



L. B. HOWE
Vermont



J. E. HEALY
Virginia



G. H. GREENWOOD
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W. S. GOODE
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The writer of that report is vice president of a large trust company whose trust advertising (prepared by Purse) recently won honorable mention in nationwide judging by the Direct Mail Advertising Association.

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CHATTANOOGA, TENNESSEE

BANKING NEWS

Reliance on Government Credit Guarantees Is Serious, Says Rathje

Warns of Danger in Credit Over-Extension

The concept of the guarantee of bank credit by the Government was criticized by Frank C. Rathje, president of the American Bankers Association, at the annual dinner of the California Bankers Association last month.

"The desirability of the banking system of the nation relying upon government guarantees, insurance, and underwriting is a serious thing," Mr. Rathje said. "This nation was built by virtually complete freedom on the part of the banks which during the years demonstrated an ability to furnish the sound credit needs of industry and the people generally. It is to be borne in mind that government insurance or guarantees alone will not prevent a repetition of falling prices and forced liquidation when once again excess production raises its towering form.

Things to Bear in Mind

"The bankers of the nation can well afford to bear in mind in the building of the approaching credit structure, that prices of commodities will fluctuate, and that the indebtedness incurred at present high levels of prices and incomes may necessarily have to be liquidated at a price level lower than those existing at the time the indebtedness was created.

"If there is any phase of our economy today that should cause us real concern, it is the danger of the creation of an over-extended credit structure.

"We can well afford to adopt a philosophy of judicious conservatism in the conduct of our banking business — judicious, in that we accumulate a knowledge of all the facts, weigh them, and evaluate them as they relate to the whole. Judgments so arrived at, coupled with a conservatism that compels fairness to depositors and borrowers alike, will bespeak a fundamental soundness in operations

"Such a policy strictly adhered to will result in a sounder credit structure, will afford greater security for every person involved, and will ultimately result in the greatest good to the greatest number."

Western Trust Men Meet in Los Angeles; Program Covers Wide Range of Subjects

The American Bankers Association's 20th Regional Trust Conference of the Pacific Coast and Rocky Mountain States, is being held in Los Angeles on August 7, 8, and 9.

The Southern California Trust Officers Association is host to the conference, with Harry M. Bardt, vice-president and trust officer in charge of the Southern Division, The Bank of America N. T. & S. A., Los Angeles, general chairman.

L. H. Roseberry, vice-president and manager, trust department, Security-First National Bank of Los Angeles, is chairman of the program committee. A trust problems forum was arranged as a special feature of the conference, under the leadership of Walter E. Bruns, vice-president and trust officer, The Bank of America N. T. & S. A., San Francisco.

The program covered a broad variety of subjects.

'46 G. S. B. Class Elects M. J. Travers President

Trust, Savings Groups Also Choose Officers

Permanent officers elected by the Class of 1946, The Graduate School of Banking, were Martin J. Travers, assistant vice-president of the Marine Trust Company, Buffalo, N. Y., president; and Andrew N. Webster, assistant treasurer of the Society for Savings in Hartford, Conn., secretary.

Each graduating class has the privilege of electing a member of the Board of Regents. This honor went to Charles G. Mathews, assistant cashier of the First National Bank, Paterson, N. J.

The Savings Management Group elected as its officers for the ensuing year Frederick H. Morris, assistant secretary of the Empire City Savings Bank, New York City, president; Adelbert N. Langendorff, vice-president of the Mercantile Bank, Hammond, Ind., vice-president; and Bernard H. McMahon, assistant cashier of the Springfield (Mass.) Five Cents Savings Bank, treasurer.

The students taking the trust course also formed an organization to represent them in the coming year. Representatives from the class of 1947 are: Philip J. Orsi, City Bank Farmers Trust Co., New York, chairman; and Wilmot R. Craig, assistant trust officer of the Lincoln Rochester Trust Co., Rochester, N. Y. From the class of 1948: George E. Harrison, trust officer of the Land Title Bank & Trust Co., Philadelphia; and John H. Zane, assistant trust officer of the Provident Trust Co., Philadelphia.

Consumer Loan Directory

About 2,000 orders have been received for the "Consumer Instalment Lending Directory," which has been prepared by the A. B. A.'s Committee on Consumer Credit, according to Deputy Manager Walter B. French. The committee is anxious to have all banks which plan to order this directory do so promptly so that the print order may be accurately estimated.

Bank Management Booklet

"Check Standardization," a booklet being prepared by the Bank Management Commission, will outline what to do and what not to do with respect to check size and design.

A.B.A. Sends Results of Cost Analysis to 4,000 Country Banks

Benefits Are Apparent, Says Committee Head

More than 4,000 country banks participating in the cost analysis program of the Commission on Country Bank Operations of the American Bankers Association have received from the Commission comparative schedules on 12 most important results obtained from the analysis of the operations of these banks.

This is the second year of the cost analysis service of the Commission to country banks. Its benefits are already seen, according to S. N. Schafer, chairman of the Cost Analysis Committee of the Country Bank Operations Commission, who stated in a covering letter that the average operating efficiency rating of the banks of 104 per cent for 1944 had increased to an average of 117 per cent for 1945.

Schedules Broken Down

These cost schedules are broken down in their application to four size groups of banks: under $1 million, between $1 million and $3 million, between $3 million and $5 million, and between $5 million and $7½ million.

The schedules cover the cost of handling "on us" checks, pay-as-you-go checks, cashier's checks and "on us" money orders, making and handling of unsecured loans, cost per minute for employees, cost per minute for officers, analysis of exchange and service charges on checking accounts, net earnings per checking account per year, the average size of checking accounts, distribution of checking accounts by size groups, distribution of gross income, and bank staff operating efficiency.

No bank identification is used. In order to preserve the confidential relationship with the participating banks which supplied their figures, a code number is used in the tables.

(CONTINUED ON PAGE 68)

THE PHILADELPHIA NATIONAL BANK

Organized 1803

Statement of Condition, June 29, 1946

RESOURCES

Cash and Due from Banks	$186,161,160.20
U. S. Government Securities	440,099,407.64
State, County and Municipal Securities	13,097,391.83
Other Securities	34,147,925.70
Loans and Discounts	91,069,669.89
Accrued Interest Receivable	2,156,030.95
Customers' Liability Account of Acceptances	2,454,811.16
Bank Buildings	1.00
	$769,186,398.37

LIABILITIES

Capital Stock (Par Value $20.00)		$14,000,000.00
Surplus		28,000,000.00
Undivided Profits		13,611,690.50
Reserve for Taxes, etc.		3,337,724.06
Dividend (Payable July 1, 1946)		875,000.00
Unearned Discount and Accrued Interest		128,558.00
Acceptances	$7,923,312.94	
Less Amount Held in Portfolio	4,381,889.95	3,541,422.99
Deposits		
United States Treasury	$87,633,595.08	
All Other Deposits	618,058,407.74	705,692,002.82
		$769,186,398.37

Philadelphia, Pa.

Member of the Federal Deposit Insurance Corporation

Treasury Thanks Banks for War Finance Aid

The federally and state chartered banks of the United States which provided billions of dollars in credit to finance the production of vast supplies of war materials and equipment have been commended by the War Department for their patriotic service.

Frank C. Rathje, president of the American Bankers Association, has received from Kenneth C. Royall, Acting Secretary of War, this letter of appreciation and commendation:

"In mobilizing the resources of the nation for prosecuting successfully the war against the Axis, much credit is due those members of the American banking system which participated in the financing of war contractors. This financing, which made possible the production of vast supplies of war materials, included credit accommodation to contractors of every type and size through both ordinary and government guaranteed loans. The banks offered their facilities freely and made available a vast and essential supply of credit which could best be put at the command of contractors through private banking sources.

"By the prompt and wholehearted cooperation of the banking system producers of war goods were enabled to realize their maximum potential production and thus to put into the hands of our gallant fighting men the means of waging a successful war against the foes of democracy. The extension of bank credit to contractors was not only handled expeditiously and efficiently but in a manner which resulted in minimum loss both to the banks themselves and to the Government. The War Department is appreciative of the services rendered by the participating banks and their personnel and wishes to recognize them through the American Bankers Association."

Three New Ad Series

While consumer goods are scarce, banks are encouraged by the Advertising Department of the American Bankers Association to concentrate on all the loan services they have available in their direct mail and newspaper advertising, rather than to feature loans for specific consumer purchases.

With this in mind, the department has prepared three special series. One is a 12-ad all purpose loan headquarters newspaper series; another is a 12-ad testimonial series showing why people like to borrow at banks better than through other agencies; and the third is a 12-ad consumer loan series featuring loans to finance future purchases.

In addition, seven direct mail pieces and a blotter featuring bank loans have been issued by the department. Among these is a new "Financing a Home" booklet, written by Dr. Ernest Fisher.

Cost Analysis

(CONTINUED FROM PAGE 66)

The size of bank is indicated by a letter. By this means, the individual bank, when studying its own costs, is enabled to compare them with those of other banks in the same size group or with those in other groups.

The comparative cost schedules are being sent to the banks with a letter from Mr. Schafer, who in addition to being chairman of the Cost Analysis Committee of the Country Bank Operations Commission, is president of the First National Bank at Fort Atkinson, Wisc. In his letter Mr. Schafer said:

"These comparative schedules are extremely valuable. They merit careful study by the officers in charge of the operations in your bank. When time is taken to find the facts behind the figures or the reasons why your costs may vary materially from those of other banks of the same size, the results will be profitable. A test check of 500 banks which participated in the cost analysis programs for both 1944 and 1945 revealed that these banks had an average operating efficiency rating of 104 per cent for 1944 while for the year 1945 their efficiency rating had increased to an average of 117 per cent. This clearly indicates the practical use these banks made of their analysis and the resulting benefits they derived.

"Experience in previous studies indicates that the extremes at the top and bottom of the comparative summaries frequently reflect inaccurate reporting by the participating banks. Too, wide variations may be due to unusual operating conditions that exist in some banks. Self-analysis is the key to profitable employment of these comparative schedules."

Savings Banking

The A.I.B.'s revised textbook on "Savings Banking" will be ready for distribution in late September. A.I.B. chapters are planning to use the new book starting October 1.

Bank Management Items

A revision of Bank Management Publication 109 will be ready for distribution to all A.B.A. member banks in early August. This is the manual which came out last October entitled "Know and Accrue Your Taxes." Amendments to the income tax laws made the revision necessary.

The manual gives a step-by-step computation of bank taxes and a sample tax accrual schedule. A blank tax accrual schedule for the bank's own use is also bound into the booklet. This was designed to enable banks to accrue the current year's taxes out of the current year's income.

Bank Management is also working on a new manual on check standardization, which should go to members early this Fall.

CALENDAR

American Bankers Association

Aug. 7–9	20th Regional Trust Conference of the Pacific Coast and Rocky Mountain States, Alexandria Hotel, Los Angeles, California
Sept. 22–25	Annual Convention, Stevens Hotel, Chicago
Nov. 7–8	15th Mid-Continent Trust Conference, Drake Hotel, Chicago

State Associations

Aug. 12–17	New York in cooperation with New York State College of Agriculture, Agricultural School for Bankers, Cornell University, Ithaca
Sept. 9–11	Iowa, Hotel Ft. Des Moines, Des Moines
Oct. 11–12	Nebraska, Hotel Cornhusker, Lincoln
Nov. 8–9	Arizona, Tucson

Other Associations

July 28–Aug. 10	Central States School of Banking, University of Wisconsin, Madison
Sept. 8–11	Savings Bank Association of Maine, Marshall House, York Harbor
Sept. 19–21	Savings Banks Association of Massachusetts, New Ocean House, Swampscott
Sept. 29–Oct. 2	Robert Morris Associates, New Ocean House, Swampscott, Mass.
Sept. 30–Oct. 2	Mortgage Bankers Association of America, 33d Annual Convention Netherland-Plaza Hotel, Cincinnati, Ohio
Oct. 7–10	Financial Advertisers Association, Fairmont Hotel, San Francisco, California
Oct. 14–16	Savings Bank Association State of New York, Chateau Frontenac, Quebec, Canada
Oct. 20–22	National Foreign Trade Council, Hotel Jefferson, St. Louis, Mo.
Oct. 21–23	Morris Plan Bankers Assn., Cavalier Hotel, Virginia Beach, Va.
Oct. 21–23	National Association of Bank Auditors and Comptrollers, Oklahoma City, Oklahoma

THE NATIONAL CITY BANK
OF NEW YORK

Head Office · 55 WALL STREET · *New York*

Condensed Statement of Condition as of June 30, 1946

Including Domestic and Foreign Branches But Not Including The Affiliated City Bank Farmers Trust Company

(In Dollars Only—Cents Omitted)

ASSETS

Cash and Due from Banks and Bankers	$1,176,800,124
United States Government Obligations (Direct or Fully Guaranteed)	2,561,321,256
Obligations of Other Federal Agencies	39,175,629
State and Municipal Securities	178,926,140
Other Securities	82,764,053
Loans, Discounts, and Bankers' Acceptances	1,074,374,109
Real Estate Loans and Securities	3,561,794
Customers' Liability for Acceptances	13,763,772
Stock in Federal Reserve Bank	6,600,000
Ownership of International Banking Corporation	7,000,000
Bank Premises	29,647,062
Items in Transit with Branches	7,296,487
Other Assets	3,246,015
Total	$5,184,476,441

LIABILITIES

Deposits (Includes United States War Loan Deposit $562,987,699)		$4,872,600,625
Liability on Acceptances and Bills	$20,431,822	
Less: Own Acceptances in Portfolio	3,723,376	16,708,446
Reserves for:		
Unearned Discount and Other Unearned Income		2,867,452
Interest, Taxes, Other Accrued Expenses, etc.		30,937,351
Dividend		4,650,000
Capital	$77,500,000	
Surplus	142,500,000	
Undivided Profits	36,712,567	256,712,567
Total		$5,184,476,441

Figures of Foreign Branches are included as of June 25, 1946, except those of the Tokyo and Dairen Branches which are prior to the outbreak of the War, but less reserves.

$810,620,791 of United States Government Obligations and $16,452,887 of other assets are deposited to secure $724,572,192 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

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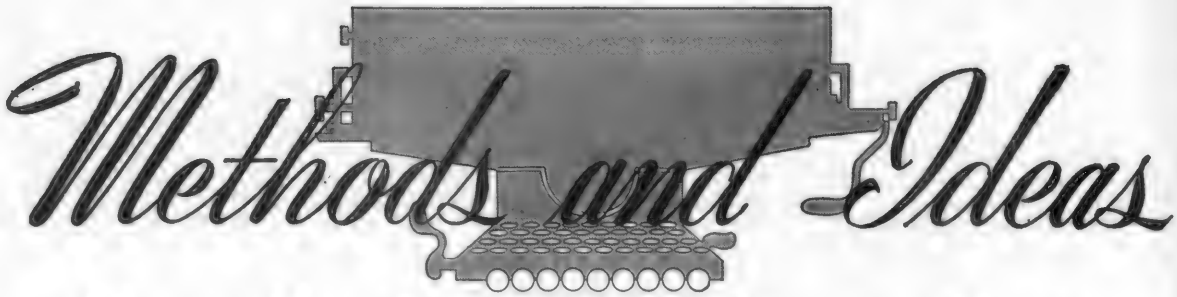
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More Profits If You Know Costs

WILLIAM C. REMPFER

MR. REMPFER, *who is president of the First National Bank of Parkston, South Dakota, and chairman of the American Bankers Association's Country Bank Operations Commission, discusses the benefits accruing to banks which have participated in the Commission's cost analysis studies.*

WHEN anyone is asked to perform work of any type his first reaction usually is—"What benefit do I derive from this—Is the remuneration worth the effort involved?"

Bankers are no different from anyone else in this respect. There is good reason for this attitude because there are so many things they want to do but can't because both time and help are limited.

When the Country Bank Operations Commission embarked on its cost analysis program last year there were naturally some bankers who wondered if the benefits received would offset the efforts involved in providing the necessary information asked for. Rather than quote from the letters received from hundreds of bankers who participated in this program, commenting favorably and relating the practical use to which this information was put, let's take a look at the record.

THE BEST index to the accomplishments of these cost studies is a comparison of the operating efficiency ratings of banks which participated in this program for both last year and this year. Since this efficiency rating is a comparison of the total time a bank reports its entire staff as being "on the job" with the total amount of work produced (as based on the Country Bank Operations Commission's formulae), it is very easy to make this evaluation. It was found that the banks which participated both years had an average operating efficiency rating of 104 per cent for last year's study, while this year's average was 117 per cent. This 13 per cent increase, stated in simpler terms, means that the average bank with eight employees in 1944 accomplished an increase in output for 1945 equivalent to the work done by one full time employee.

These studies, the Commission feels, have stimulated thinking and action on the part of the participating bankers. They have gotten away from the pool method of banking, by which all income is thrown together, all expenses deducted and if a fair profit results, it is considered good operating. Now, however, these bankers have the tools by which they can tear this picture apart and find out just how it is put together. They know how much it costs them to handle checks, deposits, remittance items, notes, bonds, etc. They see not only what gross earnings they have received from loans, U. S. bonds, and other investments, but know what investment costs are deducted from these earnings to show the actual net income from these sources. This income is apportioned to capital funds, time certificates of deposit, and savings and demand deposits so that they know just what portion of this income has been earned by each of these.

FROM THIS information each banker finds out how each of the departments of his bank made out during the year, whether it made or lost money, and how much. Next, he is confronted with the operating efficiency of his banking force. This may be the first time he has ever been able to make a fair comparison of the internal operations of his bank with other banks. He knows this comparison is fair because the same yardstick has been used for all banks. This efficiency rating has proved to be the spark that starts the fire. If his rating is substantially below the par of 100 per cent, you can bet that he is going to do something about it. The results of this study show that the participating bankers have made tremendous accomplishments in the short space of one year.

To help those bankers who are not acquainted with these studies to understand more fully the cost analysis report form sent to each participating bank by the Country Bank Operations Commission, we have reproduced one which is shown on the opposite page.

Now, let's take a look at the next phase of this cost study—the comparative schedules which make it possible for each bank to compare many of the most important figures in its report with those of other banks of similar size and location. Each participating bank received a complete set of 12 of these schedules showing the figures for all the banks in its section of the country, arrayed from the highest to the lowest figure and marked at the median point. The confidential treatment of this

(CONTINUED ON PAGE 72)

Individual Cost Analysis Report Sample

(Each bank participating in the Country Bank Operations Commission's cost analysis program received in addition to the illustrated report a set of 12 comparative schedules.)

FORM A

BANK COST ANALYSIS 1945
Prepared by
COUNTRY BANK OPERATIONS COMMISSION
AMERICAN BANKERS ASSOCIATION

COST FOR HANDLING EACH ITEM AND TRANSACTION	COST
30. Checking Accounts (per month maintenance cost)	.279
31. Deposit Tickets	.111
32. Checks on Us	.056
34. Local Clearing Items	.028
35. Remittance Items	.042
36. Bank Drafts Issued	.070
37. Cashier's Checks or "On Us" Money Orders Issued	.084
38. Making Change or Payrolls	.223
39. Collections	.557
42. Time Certificates of Deposit	.279
45. Safe Deposit Boxes (each box per year)	.836
47A. Bond Redemptions	.195
49. Notes (unsecured)	1.335
50. Notes (CCC—corn, wheat, etc.)	
51. Notes (with statements)	2.403
52. Notes (secured by mortgage)	6.142
53. Notes (instalment)	7.210
55. Bonds, U. S. (per issue)	5.341
56. Bonds, Other (per issue)	16.023
57. Warrants	

NOTE: Numbers and letters appearing on form are the same as those used in the work sheet and are included here for reference purposes.

Bank: Bank of Blankville
City: Anytown
State: U. S. A.
Bank Number: 00-0-0-00

FORM B

LIABILITIES	Funds Available for Investment D	Yield on Invested Funds E	Rate of Yield on Average Deposits Before Income Taxes EE
5. Capital Funds	213,780	4.425	
6. Average Time Certificates of Deposit	68,725	1,337	
7. Average Savings Deposits	1,372,816	26,712	
8. Average Demand Deposits	2,470,647	37,961	1.537
9. Average War Loan Deposit Account	127,102		
10. TOTAL	4,253,070	70,435	

ASSETS AND INCOME	Average Amount Invested 1945 F	Income G	Less Expense Amt. H	Less Expense Rate I	Net Income Amt. J	Net Income Rate K
11. Loans	667,381	27,346	4,183	.627	23,163	3.47
12. U. S. Bonds	1,954,369	29,754	235	.012	29,519	1.51
13. Other Bonds & Warr.	780,748	19,467	1,714	.220	17,753	2.27
14. Total Investments	3,402,498	76,567	6,132	.180	70,435	2.07
15. Exchange and Service Charges		10,672				
16. Ration Banking		670				
17. Auction Sales		202				
18. Safe Deposit Box Rental		1,246				
19. Other Rent						
20A. Bond Redemptions		674				
20B. Trust Department						
20C. Insurance Department						
20D.						
20E.						
21. TOTAL		90,031				

EXPENSE AND INTEREST PAID	Amount Paid L
22. Interest on Preferred Stock or Debentures	
23. Interest Paid on Time Cert. of Deposit	648
24. Interest Paid on Savings Accounts	11,129
25. Salaries [No. of Officers]	9,174
26. Salaries [No. of Employees]	11,783
27. Taxes Paid (Excluding Income Taxes)	4,798
28. All Other Expenses	16,459
29. TOTAL	53,991

This analysis shows actual operating costs and operating income. *No provision has been made for losses, reserves for losses, profit and/or additions to capital structure.* The methods for providing for these will be covered in later studies by the Commission.

FORM C

DISTRIBUTION OF INCOME AND EXPENSES BY DEPARTMENTS	Gross Income X	Total Expense for Department Y	Net Income Z	Net Loss ZZ
61. Capital Funds	4,425		4,425	
62. Time Certificates	1,337		673	
a. Interest Paid		a. 648		
b. Handling Cost		b. 16		
63. Savings Accounts	26,712		12,135	
a. Interest Paid		a. 11,129		
b. Handling Cost		b. 3,448		
63A. Christmas Clubs (or Similar Type Accts.)		247		247
64. Demand Deposits		29,950	18,683	
a. Exchange and Service Charges	a. 10,672			
b. Interest Earned	b. 37,961			
64A. War Loan Deposit				
65. Ration Banking	670	756		86
66. Auction Sales	202	123	79	
67. Safe Deposit Boxes	1,246	681	565	
68. Other Rent				
69A. Bond Redemptions	674	861		187
69B. Trust Department				
69C. Insurance Department				
69D.				
69E.				
70. Loans	4,183	4,183		
71. U. S. Bonds	235	235		
72. Other Bonds and Warrants	1,714	1,714		
73. TOTALS	90,031	53,991	36,560	520
73A. Net Before Income Taxes			36,040	
73B. Federal and/or State Income Taxes			6,324	
73C. Net Profit After Income Taxes			29,716	

NOTE: Figures in Columns X and Y, Lines 70, 71 and 72, are used only to prove Columns X and Y. Actual net income for these groups will be found on Form B, Lines 11, 12 and 13, Column J.

OPERATING EFFICIENCY OF BANK STAFF

	No. of Minutes Officers and Employees Were "On the Job" in 1945 AA	No. of "Work Minutes" Produced as Based on "Normal" Yardstick Used on All Reports BB	Your Rating (BB÷AA) CC
74. On Investments		116,735	
75. On Services		1,290,685	
76. TOTAL	1,312,440	1,407,420	107.24

The figures shown on lines 74 and 75—Column BB were derived by multiplying the number of items and transactions reported handled during 1945 by the normal time required in the handling of each.

NORMAL WORK YEAR PER EMPLOYEE: 52 weeks × 40 hours × 60 minutes = 124,800 minutes or approximately 125,000 minutes for normal work year.

NUMBER AND SIZE OF CHECKING ACCOUNTS

	Number of Accounts FF	Per Cent of Total GG	Volume of Deposits HH	Per Cent of Total JJ	Average Size of Accounts KK
77. Under $50	473	27.89	7,526	.38	15.91
78. From $50 to $100	169	9.96	14,656	.74	86.72
79. Over $100	1,054	62.15	1,958,358	98.88	1,858.02

More Profits If You Know Costs

(CONTINUED FROM PAGE 70)

information is insured through the use of a separate code number for each bank.

As was the case in last year's study there were tremendous variations this year between banks in each of these schedules. For the final basis of comparison we have taken the median (or middle) figures of each schedule for each state group and set up median figures for these. The median rather than the average figure was used because any inaccurate reporting would tend to have less effect on this figure. These median figures for each of the 12 schedules are as follows:

Schedule No. 1
Cost per "On Us" checks $ .052

Schedule No. 2
Cost of handling P-A-Y-C or similar type checks. $ .105

Schedule No. 3
Cost of handling cashier's checks and "On Us" money orders..... $ .076

Schedule No. 4
Exchange and service charges (on checking accounts only) per $100 of demand deposits... $ .403

Schedule No. 5
Net earnings per checking account per year..... $ 5.04

Schedule No. 6
Cost of making and handling unsecured loans $ 1.315

Schedule No. 7
Average size of checking accounts..... $1012.

Schedule No. 8
Distribution of checking accounts by size groups (average per cent of accounts with balances under $100)..... 27.65%

Schedule No. 9
Distribution of gross income. Percentage of gross income derived from U. S. Government Bonds..... 41.22%

Schedule No. 10
Cost per minute for employees..... $ .026

Schedule No. 11
Cost per minute for officers....*Schedule No. 12*
Bank staff operating efficiency..... 110.11%

For service or stop-loss charge purposes this information is of inestimable value. In the manual recently published by the Country Bank Operations Commission entitled, "Checking Account Service Charges for Country Banks," it was not stated that service charges should be based on costs, but rather that they should be based on a thorough knowledge of costs. With the comparative schedules each banker can see how his costs and earnings compare. If they are far out of line he knows that, rather than base his service charge rates on these figures, he must concentrate on bringing them more in line. How helpful it is when this banker discusses service charges with one of his valued customers if he has a complete picture of his costs and earnings to substantiate his rates, and better still, if these figures compare favorably with the general average.

A pessimist is a fellow who stops by the butcher shop and orders a chicken sent home before he goes hunting.

The steady bang of your hammer means you will succeed. The steady bang of other hammers means you have succeeded.



The problem of modern high speed plowing in which all the straw, stalks, and vines are plowed under rather than removed is effectively solved with the new scientifically designed MM Hi-Klearance Plows. Generous 23½ inch clearance between the point of the share and the underside of the beam. Long stubble can be plowed under without frequent stops to remove the trash.

Power lift which never requires lubrication or adjustment . . . raising the bottoms 7 inches WITHOUT A CHANGE IN LEVERS. 10 inch clearance for transporting.

MM plows take the strains of high speed plowing. They are thoroughly reinforced at all the strain points.

BETTER SCOURING—LIGHTER DRAFT

Only on MM Plows will you find the exclusive MOLINE ACME Soft Center steel shares and bottoms.

Ask your MM dealer to show you how MM Plows can save you time, money, and effort and when MM plows will be available.

OTHER SPECIAL PURPOSE MM PLOWS ALSO AVAILABLE. 1, 2, 3, 4 and 5 bottom sizes.





Power-lift has only 2 moving parts. Heavy duty gears for raising bottoms.

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Montclair, New Jersey

WILLIAM WOODWARD
New York, N. Y.

Statement of Condition, June 30, 1946

ASSETS

Cash and Due from Banks	$ 452,470,634.06
U. S. Government Securities	931,610,352.38
State and Municipal Securities	16,682,383.50
Other Securities	11,167,135.02
Loans and Bills Purchased	468,166,927.23
Real Estate Mortgages	2,054,108.86
Banking Houses	13,074,009.00
Interest Accrued	3,067,692.40
Customers' Liability Account of Acceptances	4,072,963.34
Total	$1,902,366,205.79

LIABILITIES

Capital	$21,000,000.00	
Surplus	80,000,000.00	
Undivided Profits	18,310,985.76	$ 119,310,985.76
Reserves:		
Taxes, Interest, etc.		10,073,379.93
Dividend:		
Payable July 1, 1946		1,050,000.00
Acceptances		4,225,402.30
Deposits		1,767,706,437.80
Total		$1,902,366,205.79

There are pledged to secure public monies and to qualify for fiduciary powers

U. S. Government Securities	$263,967,566.08

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Banks Comment on Check Routing Symbol

How do banks like the new check routing symbol plan introduced in June 1945 by the Bank Management Commission of the American Bankers Association and the Federal Reserve banks?

BANKING wrote to nearly one hundred banks throughout the country for information on the extent of the plan's use and also its usefulness. From the replies, a comprehensive picture can be formed, since the inquiries were directed both to large city banks with quantities of transit items and small banks with no routing problems.

Briefly, the routing symbol is a series of digits which indicate the Federal Reserve district in which the drawee bank is located, the Federal Reserve bank or branch serving the drawee bank, and availability after the check has been received by the Federal Reserve bank or branch. It is printed below the bank's A. B. A. transit number in the upper right corner of checks. The new system was developed over a period of years by the Committee on Collections of the Federal Reserve System and a committee representing the Bank Management Commission, to cut time required for the collection of checks, reduce the work of sorting, and eliminate to a large extent the bothersome problem of misorts.

The unanimous opinion of bankers queried is that, at the present time, not enough checks carry the routing symbol to make a change-over from present check sorting procedures practical or feasible. They are also agreed that, at the present rate of adoption and check imprinting, in spite of the fact that approximately one-half of the banks entitled to use the symbol have already adopted it, a minimum of one year more will be required to bring the plan into general use, and several years to attain maximum utility.

THE delay in change-over is the result of large stocks of checks on hand which, of course, did not bear symbols at the time the plan went into effect. At that time, the Bank Management Commission specifically recommended that banks use up their stocks of checks and print the symbol on new checks, unless the check routing symbol could be overprinted on supplies on hand, without undue expense.

The bankers queried, without exception, endorsed the plan, even when their check routing problems were negligible, or passed on to their correspondent

The First National Bank *of* Chicago

Statement of Condition June 29, 1946

ASSETS

Cash and Due from Banks,		$ 404,690,933.84
United States Obligations—Direct and fully Guaranteed,		
Unpledged,	$734,601,916.61	
Pledged—To Secure Public Deposits and Deposits Subject to Federal Court Order,	316,616,189.04	
To Secure Trust Deposits,	51,070,083.20	
Under Trust Act of Illinois,	536,960.00	1,102,825,148.85
Other Bonds and Securities,		104,663,699.10
Loans and Discounts,		543,102,728.04
Real Estate (Bank Building),		3,364,810.80
Federal Reserve Bank Stock,		3,600,000.00
Customers' Liability Account of Acceptances,		1,540,421.04
Interest Earned, not Collected,		4,854,766.61
Other Assets,		413,510.08
		$2,169,056,018.36

LIABILITIES

Capital Stock,		$ 60,000,000.00
Surplus,		60,000,000.00
Other Undivided Profits,		1,101,892.14
Discount Collected, but not Earned,		982,341.44
Dividends Declared, but Unpaid,		1,200,000.00
Reserve for Taxes, etc.,		8,679,658.86
Liability Account of Acceptances,		3,159,351.78
Time Deposits,	$ 328,847,233.08	
Demand Deposits,	1,339,892,183.59	
Deposits of Public Funds,	365,193,250.27	2,033,932,666.94
Liabilities other than those above stated,		107.20
		$2,169,056,018.36

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

"Madam, your deposit slip is showing!"



banks. The smaller banks reveal an excellent and healthy spirit of cooperation with their bigger brothers, in promoting the plan. Even though very little direct benefit, in general, accrues to them from its use, they are well aware that its value to their correspondent banks will increase the efficiency of their clearinghouses.

Some of the larger banks, however, have cited direct benefits in evidence at the present time in eliminating errors in sorting and routing, and savings in time, even though a total of only approximately 10 to 20 per cent (varying in different sections of the country) of the checks carry the symbol.

Several of the banks expressed the opinion that the check routing symbol plan is a step forward in standardization of check forms for greater efficiency and less possibility of error, and a step toward the streamlining of bank operations.

All realize that this is necessarily a long-range plan, but most bankers are giving their full cooperation, and operating men in banks, with few exceptions, are enthusiastic about the program.

The State National Bank, El Paso, Texas, wrote that when the system is in efficient operation, "about one-third of their time (in the transit department) would be saved." This bank surveyed its checks and determined that approximately one-eighth of all checks handled have the routing symbol printed on them. The absence of the symbol was found on checks drawn on both city and country banks. They believe it is most important that all small community banks cooperate because it is the small community's check that requires the time of the transit department in looking it up to determine the correct routing.

The American Trust Company, Charlotte, North Carolina, is of the opinion that the new check routing symbol plan has focused attention of a number of corporations upon check forms in use and will, no doubt, be of material aid in the program of check standardization.

The Farmers & Citizens Banking Company, Monroeville, Ohio, wonders why "they (the Federal Reserve System) do not seize the opportunity to discourage the freakish checks that various corporations use. The kind that every teller and clerk has to read over in full to find out the amount and the bank on which it is drawn. The banks themselves will not correct this evil, but it will take some agency like the Federal Reserve System or the American Bankers Association to drive this type of

Condensed Statement of Condition June 29, 1946

RESOURCES

Cash in Vault and in Federal Reserve Bank		$ 664,828,114.00
Due from Banks		295,791,677.94
TOTAL CASH	$960,619,791.94	
United States Government Obligations, direct and fully guaranteed		2,848,132,068.30
State, County, and Municipal Bonds		323,940,281.68
Other Bonds and Securities		130,026,315.64
Stock in Federal Reserve Bank		6,137,600.00
Loans and Discounts		1,198,680,168.77
Accrued Interest and Accounts Receivable		17,690,494.68
Bank Premises, Furniture, Fixtures, and Safe Deposit Vaults		28,061,091.09
Other Real Estate Owned		96,850.99
Customers' Liability on Account of Letters of Credit, Acceptances, and Endorsed Bills		40,737,711.78
Other Resources		187,606.53
TOTAL RESOURCES		$5,554,309,981.40

LIABILITIES

Capital:		
Common (8,528,646 Shares)	$ 106,608,075.00	
Preferred (6,258 Shares)*	125,160.00	
Surplus	98,752,325.00	
Undivided Profits	30,232,550.65	
Reserves	4,304,056.90	
Preferred Stock Retirement Fund	162,053.65	
TOTAL CAPITAL FUNDS		$ 240,184,221.20
Reserve for Bad Debts		17,719,315.14
Deposits: Demand	$3,083,943,460.10	
Deposits: Savings and Time	2,154,580,868.02	5,238,524,328.12
Liability for Letters of Credit and as Acceptor, Endorser, or Maker on Acceptances and Foreign Bills		42,126,954.66
Reserve for Interest Received in Advance		7,270,973.57
Reserve for Interest, Taxes, etc.		8,484,188.71
TOTAL LIABILITIES		$5,554,309,981.40

*Issued at $50 ($20 Capital—$30 Surplus), Annual Dividend $2. Called and to be retired in full as of July 31, 1946.

This statement includes the figures of the London, England, banking office.

ONE ACCOUNT COVERS *California*

To other banks throughout the Nation, Bank of America offers a correspondent service which is the equivalent of an account in each of 300 cities and towns of California. This extensive California-wide coverage is possible through one account—either at San Francisco or Los Angeles—which brings to you direct service in every major city and town in California . . . plus rapid, efficient handling of transactions in other Western states, Hawaii, and Alaska.

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
MEMBER FEDERAL RESERVE SYSTEM

check out of the clearance system of our country."

Several banks mentioned the fact that the routing symbol makes it possible to determine immediately whether the bank is par or non-par, since only par banks are assigned symbols.

A few felt that the new system would eliminate long training periods for new personnel in transit departments. The Liberty National Bank and Trust Company, Louisville, Kentucky, wrote: "I have just talked to our transit manager and he is very enthused about the way the plan is working out. . . . He says that the plan is an excellent help in sorting transit items and he can now use "green" clerks to do the work where he formerly could only use the ones with considerable experience.

Some of the clearing banks have found immediate benefit from use of the new plan in cases of split states. There are 26 such states where parts of the state lie in two Federal Reserve districts.

The National Bank of Commerce, Norfolk, Virginia, considers the symbol "highly compact and informative and presages an almost unbelievable economy after its use becomes universal and while one's guess is as good as another's as to when that may occur, its future seems so bright that it makes one wonder why it wasn't developed years ago."

Citizens Fidelity Bank and Trust Company, Louisville, Kentucky, thinks that "the printers throughout the United States should be thanked through a medium such as your magazine for the splendid cooperation they have given in making this plan effective."

The American Trust Company, Charlotte, North Carolina, has noticed "two kinks in the plan." One is that "so many people do not carry their own check book with them at all times and will change a check to show the drawee bank and of course the symbol that is printed on the check will remain unchanged. This will cause missorting unless the change is noticed by an alert transit clerk." The other is that "some non-par banks are using the symbol, which, of course, has been due to a misunderstanding and will no doubt be cleared up as the program becomes better publicized and understood by all banks."

The National Bank of Commerce, Norfolk, Virginia, feels that not all printers are yet equipped to place the symbol, with their present machines, in the upper right corner of the check, where it belongs.

This bank says: "The symbol will eliminate the costly but now necessary procedure of searching through the Federal Reserve catalog in order to ascertain the proper territorial office of the Federal Reserve bank of the district to which each check should be sent. . . . It is quite evident that, with the symbol in upper right hand corner, the time is not far distant when sorting clerks and analysis clerks handling such checks will be concerned with only about one and one-half inch of the right end of the front of each check and need not lose time in scanning any more of it, as all necessary information for those departments will be found in that small area."

The Traders Gate City National Bank, Kansas City, Missouri, believes that, when the symbol has been placed on all printed checks of par banks, some provision will have to be made to handle the banks changing over from a par to a non-par basis, but still retain their symbols.

The over-all commendation which the new check routing symbol received from the banks queried is indicative of general bank sentiment on the subject, and ample justification for installation and promotion of the plan.

CHECK THESE

Correspondent Banking

BENEFITS

Every day in the year, there are opportunities for you to gain advantages from the services provided by correspondent relationships. In the partial list below, there is a Central National service in this Cleveland area, which will enable you to give increased advantages to your customers. Let us hear from you.

★ ★ ★

- Participation with correspondent banks in local loans
- Servicing loans to dealers and brokers
- Check collection
- Remittances and money orders transfer
- Purchases of commercial paper
- Collection of drafts, notes, coupons, matured bonds and other items both domestic and foreign
- Credit information
- Travelers' checks and letters of credit
- Adviser on pension and profit-sharing plans
- Safekeeping of securities
- Foreign trade facilities
- Travel service
- Receipt and delivery of securities

CENTRAL NATIONAL BANK
OF CLEVELAND
Cleveland 1, Ohio

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



THE NEW YORK TRUST COMPANY

100 BROADWAY

MADISON AVENUE AND 40TH STREET • TEN ROCKEFELLER PLAZA

CONDENSED STATEMENT OF CONDITION JUNE 30, 1946

ASSETS

Cash and Due from Banks	$190,693,890.90
United States Government Obligations	388,025,635.39
Other Bonds and Securities	20,152,921.94
Loans and Discounts	204,197,749.79
Real Estate Bonds and Mortgages	407,636.18
Customers' Liability for Acceptances	1,027,448.86
Interest Receivable and Other Assets	2,220,085.07
	$806,725,368.13

LIABILITIES

Capital	$15,000,000.00	
Surplus	35,000,000.00	
Undivided Profits	11,865,313.78	$61,865,313.78
General Reserve		3,690,272.09
Dividend Payable July 1, 1946		600,000.00
Acceptances		1,333,005.99
Reserve for Taxes and Other Liabilities		5,261,626.31
Deposits		733,975,149.96
		$806,725,368.13

United States Government obligations carried at $98,262,442.03 in the above statement are pledged to secure United States Government deposits of $87,914,700.87 and other public and trust deposits and for other purposes required by law.

TRUSTEES

MALCOLM P. ALDRICH
New York

GRAHAM H. ANTHONY
President
Colt's Patent Fire Arms Mfg. Co.

ARTHUR A. BALLANTINE
Root, Ballantine, Harlan, Bushby & Palmer

JOHN E. BIERWIRTH
President

ALFRED A. COOK
Cook, Lehman, Goldmark & Loeb

WILLIAM F. CUTLER
Vice President
American Brake Shoe Company

RALPH S. DAMON
President
American Airlines, Inc.

FRANCIS B. DAVIS, JR.
Chairman of the Board
United States Rubber Company

SAMUEL H. FISHER
Litchfield, Conn.

WILLIAM HALE HARKNESS
New York

HORACE HAVEMEYER, JR.
Executive Vice President
The National Sugar Refining Company

B. BREWSTER JENNINGS
President, Socony-Vacuum Oil Co., Inc.

J. SPENCER LOVE
President
Burlington Mills Corporation

ADRIAN M. MASSIE
Vice President

HOWARD W. MAXWELL
New York

HARRY T. PETERS
New York

SETON PORTER
President, National Distillers Products Corporation

ROBERT C. REAM
President
American Re-Insurance Company

MORRIS SAYRE
President, Corn Products Refining Company

CHARLES J. STEWART
Vice President

VANDERBILT WEBB
New York

Member of Federal Deposit Insurance Corporation

Methods and Ideas

We Wanted Our Own Conference

"But we aren't speakers," they said, when asked to lead a panel discussion. No, they were officers of a small bank, The First National of Hartford, Connecticut. Most of them, in all probability, had never stood before the other employees to say a word.

But it was a conference of our own that we wanted. We had been to American Institute of Banking or other bank conferences. We didn't want top-flight speakers to come to us with a pep talk. We wanted a strictly family affair—a chance to know ourselves better, to analyze our own weaknesses, to talk about our public's needs and our fitness to supply them, to get some questions off our chest—not a summer outing, not a gala Christmas party, but an evening of shop talk.

With this as an objective, the officers accepted their assignment. To any of us it would be valuable occasionally to organize our thinking, stand on our own two feet, and state what we believe in and where we're going. To these officers the assignment was a challenge, an opportunity certainly.

So it was to be a business party. An experiment. And it worked. Next time it will work better. For we learned as much from what wasn't good about it, as from what was good.

WE WERE invited by the bank to a dinner at the swank Hartford Club, where we had a private dining room. And we were all there, from runner to president. Following dinner, we moved into an informal group with the seven panel leaders (officers) at a front table. The president of the bank acted as moderator. In the preliminary planning, questions had been solicited from the staff. When too few were received, in order to draw out what we believed should be covered in the discussion, questions were manufactured and assigned to the speakers. Some were "planted" in the audience.

The panel leaders were allowed 10 minutes each, and the subjects indicate

Practical Assistance to Institutions in the Solving of Their Investment Problems

Today's changing markets call for all available aid in the solving of the many investment problems which constantly confront banks, insurance companies and other large institutional investors. That we are fitted to render a comprehensive service has been proved by our many years of successful experience in this field.

Our staff members are familiar with all types of securities and are able to provide basic facts, when needed, concerning current security markets. Moreover, through the facilities of our 91 strategically located offices—interconnected by direct wires—we are able to obtain these investment facts promptly.

Should you require such a practical and comprehensive service, we would be happy to discuss your problems with you in person on a confidential basis.

MERRILL LYNCH, PIERCE, FENNER & BEANE

Underwriters and Distributors of Investment Securities
Brokers in Securities and Commodities

70 PINE STREET NEW YORK 5, N. Y.

Offices in 90 Cities

"No sir—no matter how hot it is we're never allowed to take our coats off."



the general ground covered during the evening. "Our Bank—Present and Future" opened the panel by stating the case for the small bank ($36 million) which decides against a mass-banking program, and shoots for the best in personalized banking and individualized service. Next came the story of the trust department, a subject that could rightly take a week to explain and a lifetime to perfect. The brief outline, however, served to open the eyes of many, perhaps some of those on the main banking floor who had wondered what went on "above stairs." "Functions and Objectives" of the investment department were outlined, again giving to some present a new insight into the scope of their bank's services; also answering a frequent question: "Why don't we give investment advice to our friends?" New safety procedures in the safe deposit department; plans and "The Plan" for instalment loans were outlined. "A Career in this Bank" included an explanation of the merit system and job evaluation study now in progress. And teamwork—its responsibility and challenge—came under the subject, "What Makes the Bank Tick?"

THE subjects were well covered. The inexperienced speakers proved themselves, and two hours offered ample time to give a good over-all picture of banking in general, and our bank in particular. But we tried to cover too much ground. The result was generalities and not a panel discussion. Participation from the group was meager and not spontaneous. Many of us went away with questions unanswered—because they were unasked.

But, for a starter, presenting a general, over-all story was not necessarily a poor method. It may even have been the best method. Certainly no one of us came away without having learned something. Those who came to scoff, or to be bored, had a good time, want to come again. Next time we can do it differently. We may decide to tackle not more than three questions. But genuine, down-to-earth questions, which will come close to the experience of individual employees.

The conference was a "first." And the point is we want another, perhaps two a year. We want a chance to get into it, to take the bars down and be "speakers" too. The idea was good. It is still good. We feel that bank conferences of our own can lead to better understanding of the job we're here to do and how we can do it—to a closer working family and a real bank team.

MARY LANDON BOLLES



WHAT DOES THE NAME

WASHINGTON

MEAN TO YOU?

THE "Father of His Country" . . . the Nation's Capital . . . or the great State that forms the Northwestern corner of the United States, bordered by the vast Pacific Ocean?

If the bountiful resources, the mild climate, and expanded markets of this young giant among the states have a part in your own future plans you'll be interested in WASHINGTON . . . the State.

Serving this region, the SEATTLE-FIRST NATIONAL BANK offers more than three-quarters of a century's experience . . . a state-wide coverage with its strategically located banking offices . . . and a complete banking service for any financial need.

You are cordially invited to ask our assistance and draw upon our familiarity with this region in planning any operations in this state.

Member Federal Reserve System

Member Federal Deposit Insurance Corporation

SEATTLE-FIRST NATIONAL BANK

Main Office—Seattle

Spokane and Eastern Division—Spokane

Methods and Ideas

BRIEFLY TOLD

The Latest in Bank Buildings

JOHN J. McCANN

MODERN architectural treatment is being used with "color engineering" to give new bank buildings a public relations as well as a utilitarian value. On these two pages are pictured four modern banks—three recently opened and one still in the blueprint stage.



The Rockefeller Center branch of Bankers Trust Company, New York, features the latest in design, furnishings, decoration and arrangement of functional facilities. One of its gadgets is a wire-photo apparatus which sends a facsimile of a check over a telephone wire to the central signature file at the downtown head office where signature and balance are verified. A similar machine duplicates the original picture as the branch teller's authority to pay the check

Foreign Trade Bulletin

The AMERICAN NATIONAL BANK of Chicago has started publication of a monthly foreign trade bulletin containing current information on trade with other countries.

A. M. Strong, vice-president, reports that the interest shown in the bulletin by manufacturers, exporters and importers indicates that it is serving a need.

"In the expanding world of tomorrow," he says, "Chicago is taking its place as one of the leading American cities in foreign trade. Predicated on Chicago's position at the crossroads of America's markets, the products of a vast territory must and will be sent through Chicago beyond the seas all over the world.

"This important opportunity is realized by many industries. To them the experienced foreign department of this business-minded bank, having direct connections with the principal cities of the world, can be of substantial value."

Go-Ahead Farmers

BANK OF MONTREAL trains its promotion guns on the "Go-Ahead" farmer—the fellow who can see profit advantages in buying new equipment or livestock, or making general farm improvements now—with a bank loan, if necessary. The series, appearing in Dominion farm papers, flashes a green "go-light" on bank credit for all farm needs. Theme of the campaign is a booklet, "Quiz for Go-Ahead Farmers," outlining rates, terms, and procedures for quick bank loans.

Green Room

The CORN EXCHANGE NATIONAL BANK AND TRUST COMPANY of Phila-

(CONTINUED ON PAGE 82)

The First Bank & Trust Company of South Bend is establishing two additional branch offices in new buildings especially designed for drive-in banking services. The buildings will be brick and granite, featuring windows where customers can make deposits without leaving their cars. There's also ample space for those who want to transact business inside the bank



ARCHITECT'S SKETCH OF PROPOSED, NEW DRIVE-IN BRANCH OF THE FIRST BANK & TRUST CO.



Guaranty Trust Company of New York has a new branch office in one of the Rockefeller Center buildings. Architecturally, the office is in relationship with the bank's main office and its other New York branches. A feature of the decorative scheme is a large mural by Allyn Cox, A.N.A., depicting a Hudson River scene at West Point about 1839, the year Guaranty was established. The air-conditioned office has 17,000 square feet of floor space

The Trade Bank and Trust Company's new branch on West 48th Street, New York, is another example of modern architectural treatment featuring "color engineering." Here's an innovation at this bank: When the switchboard operator gets a telephoned estimate of a customer's payroll requirements, she notes them on a memorandum form which she drops into a chute next to the board. The memo goes to the main floor where a guard takes it to the payroll teller's desk. When the customer's messenger arrives, the money is waiting for him



H&W

INSURANCE IS A PART OF ALL ENTERPRISE

No one has a bigger stake in business stability than this country's 71 million owners of insurance. The reasons are plain. As a common practice, all insurance companies invest their reserves in securities representing virtually every type of business and industry. Without such investments, the ability of the company to fulfill its contract would suffer and the value of every insurance policy would deteriorate.

A study of one large company's current portfolio shows, in addition to government and state bonds, investments in the field of aircraft, railroads, automobiles, steel, lumber, chemicals, banking, office equipment, electrical equipment and electronics, agricultural equipment, agricultural products, tobacco, rubber, oil and many others.

Insurance executives are constantly searching for sound and progressive enterprises in which they may invest for the protection of their policyholders.

This firm, which has had a hand in the financing of scores of major corporations in the past fifty years is glad to have thus played some part in strengthening the vast insurance industry. Any Partner will welcome the opportunity to consult with executives of sound and established companies who may have need for additional capital.

HORNBLOWER & WEEKS

40 Wall Street
New York 5, N. Y.

Members Principal Exchanges

Offices:

New York; Boston; Chicago; Cleveland; Philadelphia; Detroit; Portland, Me.; Providence; Baltimore; Bangor.



STATEMENT OF CONDITION
JUNE 30, 1946

RESOURCES

Cash and Due from Banks	$92,303,230.98
U. S. Government Securities	304,392,455.10
State and Municipal Securities	11,700,870.08
Other Bonds and Securities	2,546,496.68
Loans and Discounts	71,657,582.25
Accrued Income Receivable	1,398,989.70
Stock in Federal Reserve Bank	615,000.00
Bank Premises, Head Office and Branches	3,797,911.35
Other Real Estate Owned	1.00
Customers' Liability under Letters of Credit and Acceptances	6,387,121.29
Other Assets	427,213.55
TOTAL	$495,226,871.98

LIABILITIES

Demand Deposits	$249,123,491.12
Time Deposits	130,105,856.05
U. S. Government Deposits	53,718,406.54
Other Public Deposits	26,408,105.01
Total Deposits	$459,355,858.72
Dividends Payable on Common Stock	562,500.00
Income Collected in Advance	323,365.06
Letters of Credit and Acceptances	6,838,184.46
Accrued Interest, Taxes and Other Expense	1,436,644.48
Reserve for Future Loan Losses	710,160.32
Common Capital Stock	15,000,000.00
Surplus	5,500,000.00
Undivided Profits	4,121,218.63
Reserves	1,378,940.31
TOTAL	$495,226,871.98

Securities carried at $93,638,160.95 are pledged to secure trust deposits, United States Government and other public deposits, as required by law.

Member Federal Reserve System • Member Federal Deposit Insurance Corporation

delphia regards its latest addition to employee facilities—a lunchroom—as an important move in its personnel relations program.

The "green room" has a seating capacity of about 70, ample accommodations for workers who bring their lunches or wish to prepare a light meal on an electric range during a staggered luncheon schedule running from 11 A.M. to 2 P.M. daily.

The room is finished with light green walls, red and black tile floors, porcelain-top tables and broad-armed chairs. Vending machines dispense milk, soft drinks, ice cream, cigarettes and candy. For after-lunch recreation, there are playing cards, chess and checker sets and backgammon—and a library of popular magazines and newspapers. As a decorative note, trophies awarded for championships won by CORN EXCHANGE employees in baseball, basketball and bowling, and competitive pistol matches are displayed on wall brackets.

School for Vets

LOEWI & COMPANY, Milwaukee investment securities firm, is conducting intensive courses in economics and securities to enable ex-servicemen to prepare themselves for various positions with the firm. Courses vary from six to 18 months. At present, the enrolment includes nine veterans, ranging in rank from private in the Army to lieutenant commander in the Navy.

Cartoon Series

The FIRST NATIONAL BANK OF NEVADA takes a new tack in pounding home the sales arguments for bank loans versus other credit sources. The campaign, enlivened with humorous illustrations, highspots the "5-Star Way": liberal credit, long terms, low interest, no special fees, and your own insurance.

Bank Lobby Murals

The lobby of THE FIRST NATIONAL BANK OF WINSTON-SALEM, North Carolina, has been turned into an art gallery by the hanging of 10 large murals depicting North Carolina scenes of that vicinity. The collection consists of nine tinted and enlarged photographs, 43 inches by 57 inches, and a larger one directly over the door, 66 inches by 102 inches. The photographs were enlarged by Elliott Lyman Fisher of Asheville, and were tinted by his wife.

The importance of the tobacco industry to the community is represented in two pictures, one made in the interior of a local warehouse, and another

taken in a tobacco field with pine trees forming the background.

The murals have attracted much favorable comment from the bank's customers.

Bank Chatter Column

Advertising sponsored by the FARMERS & MERCHANTS BANK, Highland, Illinois, is in the form of a chatter column on home town activities and personalities.

Only mention of the bank is in the signature, and occasional casual mention of services in the column.

Banking to Music

How does music, played during working hours, affect bank employees?

The SECOND NATIONAL BANK OF HOUSTON (Texas) asked that question some time ago and got an answer. "I would like to have the music continued; it makes the day go faster and the work seem more interesting," was the typical response by SECOND NATIONAL employees after listening to the music for one month.

Early in May a commercial wired music service was installed in the bookkeeping and transit departments as an experiment. The object was to test the reactions to music and resulting increase in efficiency of the more than 100 employees in these departments. Throughout the day, the music—a mixture of semi-classical and popular tunes—plays 12 minutes and is off 18 minutes.

A questionnaire was distributed designed to test the reactions of the employees. The results proved the experiment successful; the staff's response to the music was overwhelmingly favorable.

Bank-Sponsored Symphony Orchestra

CHICAGO TITLE AND TRUST COMPANY will continue its weekly radio concert series presenting the Chicago Symphony Orchestra for the coming year. The new series will be resumed on September 4 for a 43-week period and will be broadcast each Wednesday at 8 o'clock over WCFL.

Response to the past season's broadcasts has been judged highly successful. The original policy governing the selection of music, and the unusual and highly educational value of the commercials are jointly credited with the responsibility for the favor with which the program is regarded by the radio audience.

Commercials are devoted to two phases of the company's business: the trust division, of interest to a fairly



A phone call may save you the difference

HOME owners! Fill in the sign above with today's value of your own home. Then check the amount of your present insurance against that figure.

This is a serious appeal from the fire insurance business to act in your own interest—to protect the greatly increased value of your property.

The value of your home might well be from 30% to 50% more today than in 1939. Yesterday's insurance can not cover today's higher property values.

The increase in value of your furniture, rugs, clothing, jewelry may represent additional thousands in assets you stand to lose if fire destroys your home and belongings.

Fire losses every day are awakening home owners to these tremendous increases in property values—too late! We who live and work in the fire insurance business see this daily evidence piling up—evidence of the tragic and needless losses home owners are suffering through inadequate insurance protection.

In this critical nation-wide situation—we urge you to get in touch with your local UNITED STATES FIRE Agent. A telephone call to him today may save you thousands.





UNITED STATES FIRE
INSURANCE COMPANY
110 WILLIAM STREET, NEW YORK, N. Y.
ORGANIZED 1824



HEAD OFFICE: SAN FRANCISCO

Statement of Condition

AT THE CLOSE OF BUSINESS JUNE 29, 1946

RESOURCES

Cash on Hand and in Banks	$172,802,631.75
U. S. Government Obligations	532,418,022.87
Obligations of Other Federal Agencies	14,978,569.72
State, County and Municipal Bonds	22,973,835.93
Other Bonds and Securities	4,986,117.61
Stock in Federal Reserve Bank	750,000.00
Loans and Discounts	219,725,848.38
Bank Premises and Equipment	5,493,920.20
Other Real Estate	7.00
Customers' Liability under Letters of Credit and Acceptances	3,323,305.58
Accrued Interest Receivable and Other Assets	4,571,538.42
TOTAL RESOURCES	$982,023,797.46

LIABILITIES

Deposits		$940,489,277.18
Letters of Credit and Acceptances		3,323,305.58
Reserve for Interest, Taxes, etc.		4,243,676.22
Other Liabilities		3,464,058.42
*Capital Stock		
Preferred	$7,292,850.00	
145,857 shares four per cent convertible stock, $50.00 par value.		
Common	$7,575,327.23	14,868,177.23
378,766-4/11 shares, $20.00 par value.		
*Surplus		10,131,822.77
Undivided Profits		5,503,480.06
TOTAL LIABILITIES		$982,023,797.46

*Change in Capital Structure was occasioned by conversion of Preferred stock into Common

U. S. Government and other securities carried at $145,531,311.95 are pledged to secure U. S. Government War Loan Deposits of $73,967,950.77 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

limited audience; and the title guarantee division, of interest to anyone who owns or expects to own any property. Primarily educational in scope, and differing from the customary type of commercial announcement, these commercials are the first instance in which such information has been made available to the public in an interesting and easily understandable form.

In keeping with the civic nature of the broadcasts, the series was used throughout the year by Chicago high schools in conjunction with their own efforts to develop music appreciation among their students. Early in the season arrangements were made with the Chicago Board of Education, the parochial schools, and suburban high schools to make it possible for students from some one or two schools to attend each of the weekly concerts. Additional arrangements were made with two universities, Northwestern and Loyola, for students to attend the concerts.

Newspaper advertising in conjunction with the radio programs is aimed entirely at Chicago and the Chicago area, and appears each Wednesday, the day of the broadcast, in all Chicago newspapers. Breaking away from the style used in much radio advertising, the series was designed to complement the prestige nature of the program itself, and is notable for its dignity and reserve.

Significance of Thrift

One of the most unusual attempts at mass enlightenment and the dissemination of greater knowledge about a fundamental age-old principle of security is being presented and sponsored by the TROY (New York) SAVINGS BANK.

Alarmed by the growing world tendency toward "statism" versus free

(CONTINUED ON PAGE 86)

"He keeps calling strikes. He'd make a good president of your union!"



DIRECTORS

EDWIN M. ALLEN
Chairman, Mathieson Alkali Works, Inc.

EDWIN J. BEINECKE
Chairman, The Sperry & Hutchinson Co.

EDGAR S. BLOOM
Chairman, Atlantic-Gulf and West Indies Steamship Lines

ALVIN G. BRUSH
Chairman, American Home Products Corporation

LOU R. CRANDALL
President, George A. Fuller Company

CHARLES A. DANA
President, Spicer Manufacturing Corp.

HORACE C. FLANIGAN
Vice-President

JOHN M. FRANKLIN
President, United States Lines Company

CHARLES FROEB
Chairman, Lincoln Savings Bank

PAOLINO GERLI
President, La France Industries, Inc.

HARVEY D. GIBSON
President

JOHN L. JOHNSTON
President, Lambert Company

OSWALD L. JOHNSTON
Simpson Thacher & Bartlett

KENNETH F. MacLELLAN
President, United Biscuit Company of America

SAMUEL McROBERTS
New York City

JOHN T. MADDEN
President, Emigrant Industrial Savings Bank

JOHN P. MAGUIRE
President, John P. Maguire & Co., Inc.

C. R. PALMER
President, Cluett Peabody & Co., Inc.

GEORGE J. PATTERSON
President, Scranton & Lehigh Coal Co.

HAROLD C. RICHARD
New York City

HAROLD V. SMITH
President, Home Insurance Co.

ERNEST STAUFFEN
Chairman, Trust Committee

GUY W. VAUGHAN
President, Curtiss-Wright Corporation

HENRY C. VON ELM
Vice-Chairman of the Board

ALBERT N. WILLIAMS
President, Westinghouse Air Brake Company

MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition as at close of business
June 30, 1946

RESOURCES

Cash and Due from Banks		$ 560,937,086.87
U. S. Government Securities		1,360,049,029.81
U. S. Government Insured F. H. A. Mortgages		3,927,687.45
State and Municipal Bonds		15,436,239.09
Stock of Federal Reserve Bank		2,475,000.00
Other Securities		19,964,927.00
Loans, Bills Purchased and Bankers' Acceptances		490,061,485.44
Mortgages		10,564,179.30
Banking Houses		11,462,030.67
Other Real Estate Equities		305,780.51
Customers' Liability for Acceptances		7,408,873.50
Accrued Interest and Other Resources		6,932,439.69
		$2,489,524,759.33

LIABILITIES

Capital	$41,250,000.00	
Surplus	41,250,000.00	
Undivided Profits	33,604,839.50	$ 116,104,839.50
Reserve for Contingencies		9,476,214.52
Reserves for Taxes, Unearned Discount, Interest, etc.		10,309,418.74
Dividend Payable July 1, 1946		1,237,498.20
Outstanding Acceptances		8,508,737.64
Liability as Endorser on Acceptances and Foreign Bills		331,025.12
Deposits		2,343,557,025.61
		$2,489,524,759.33

United States Government securities carried at $272,989,542.48 are pledged to secure U. S. Government War Loan Deposits of $241,461,153.23 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Principal Office: 55 Broad Street, New York City

71 BANKING OFFICES IN GREATER NEW YORK

European Representative Office: 1, Cornhill, London, E. C. 3

Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation

enterprise and the trend toward free spending that threatens to undermine all forms of thrift, the trustees of this comparatively small up-state bank decided to carry the torch for a crusade of thrift.

The campaign is based on an outline of the part which thrift plays not only in the life of the individual, but as a force in the industrial development of the nation, its effects upon government and good citizenship, the development of new industry and of higher standards of living, as propounded by Joseph Stagg Lawrence.

Mats have been offered to newspapers, industrial concerns and other banks over the country, and the response indicates widespread use of the material on bulletin boards, as editorials for house magazines, and locally sponsored newspaper advertisements.

"Identification Card"

The EAST RIVER SAVINGS BANK, New York, has introduced a new service and restored another service which was temporarily dropped during the war in order to concentrate on the stimulation of the War Bond payroll plan.

The new service is an "Identification Card" now being distributed to depositors to facilitate their use of banking services. Frequently depositors call at the bank without their passbook and its account identification, wanting to cash checks or to make inquiries concerning their account.

The depositors have expressed approval of the little card, saying it speeds service for them, and is a handy reference for the bank address when banking-by-mail.

"Constance Saver"

"Constance Saver" is the name of the pert little character who is announcing the restoration of the "I. O. Me" plan in a special folder now being distributed by the EAST RIVER SAVINGS BANK, New York, and in its direct mail.

"Constance Saver" tells how any depositor who wishes to save $10 or more each month will receive a bill reminding him of his good intentions to save. The bill automatically becomes a deposit ticket to be returned to the bank in a self-addressed envelope which is enclosed. The plan is an attempt to provide those who wish it a regular instalment system of saving.

What Is a Bank?

The MANUFACTURERS BANK AND TRUST COMPANY OF ST. LOUIS is sponsoring an unusual campaign of public relations advertising. The series, as presently laid out, comprises 12 advertisements each titled "What Is a Bank?" Individual ads are sub-titled: "A Bank Is a Reservoir," "A Bank Is a Neighbor," "A Bank Is a Builder," "A Bank Is a Pioneer," and others. The series is scheduled to run monthly in the St. Louis *Post-Dispatch*.

The purpose is to interpret the bank in terms of a good citizen, to show how the neighborhood bank is tied up closely with the welfare of the people who live and work in its neighborhood. For example, the third advertisement in the series, which announces completion of a modernization program by the bank, is entitled, "A Bank is a Prophecy." It concludes: "In the banking rooms open today, the MANUFACTURERS BANK invites St. Louis to see not the growth merely of a financial institution, but a symbol of the development of a neighborhood. Of that neighborhood the MANUFACTURERS BANK is proud to be a part."

Cambridge's 100th Anniversary

On the 100th anniversary of the city of Cambridge, Massachusetts, the HARVARD TRUST COMPANY published a facsimile of the June 11, 1846 issue of the

(CONTINUED ON PAGE 88)

STATEMENT OF CONDITION

MERCANTILE-COMMERCE
BANK AND TRUST COMPANY
Locust-Eighth-St. Charles
ST. LOUIS, MISSOURI

JUNE 29, 1946

☆

THE RESOURCES

Cash and Due from Banks		$83,319,190.58
United States Government Obligations, direct and guaranteed (incl. $68,271,592.34 pledged*)		194,517,127.66
Other Bonds and Securities		23,349,284.20
Demand and Time Loans		66,700,805.72
Stock in Federal Reserve Bank in St. Louis		525,000.00
Real Estate (Company's Building)		2,790,536.40
Other Real Estate and Claims against U.S. Government		1,500,000.00
Overdrafts		11,100.33
Customers' Liability on Acceptances and Letters of Credit		5,616,997.96
Other Resources		16,571.07
		$378,346,613.92

THE LIABILITIES

Capital Stock			$12,500,000.00
Surplus			5,000,000.00
Undivided Profits			5,460,271.35
Reserve for Dividend Declared			250,000.00
Reserve for Interest, Taxes, etc.			2,983,940.89
Unpaid Dividends			3,560.80
Bank's Liability on Acceptances and Letters of Credit			5,616,997.96
Other Liabilities			167,364.33
Deposits, Secured:			
U.S. War Loan	$ 49,536,608.34		
Other Public Funds	7,349,567.81	$ 56,886,176.15	
Other Deposits:			
Demand	$235,193,498.22		
Savings	54,154,286.21		
Time	130,518.01	$289,478,302.44	$346,364,478.59
			$378,346,613.92

*All securities pledged are to the U. S. Government or its Agents, State of Missouri and the City of St. Louis, to secure deposit and fiduciary obligations.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





Cable cars on Nob Hill



Flower vendor in San Francisco



Grove of majestic redwoods



Ocean scene near Carmel

Linking Business and Pleasure

Let the world-famous bridges of San Francisco link your F.A.A. Convention trip with a vacation in romantic California. Explore San Francisco . . . the city that knows how to entertain . . . with its celebrated restaurants catering to the epicure . . . its exotic foreign quarters in the heart of a modern metropolis. Visit the majestic Redwood Empire . . . the fairyland of Yosemite . . . the gleaming sands of Carmel-by-the-Sea. This is one convention you . . . and your wife . . . don't want to miss. Send your reservations today to Preston E. Reed, Executive Vice-President, F.A.A., 231 So. LaSalle Street, Chicago 4.

F. A. A. CONVENTION • SAN FRANCISCO • OCTOBER 7, 8, 9, 10



WE INVITE ACCOUNTS FROM BANKS, CORPORATIONS AND INDIVIDUALS • SEND US YOUR PACIFIC COAST BUSINESS

MEMBER FEDERAL RESERVE SYSTEM & FEDERAL DEPOSIT INSURANCE CORPORATION

Condensed Statement as of June 29, 1946

RESOURCES

Cash and Due from Banks		$ 90,804,040.97
United States Government Securities		299,560,102.14*
Obligations of Other Federal Agencies	$4,337,006.27	
State, County and Municipal Bonds	2,509,164.10	
Other Bonds and Securities	716,254.13	7,562,424.50*
Stock in Federal Reserve Bank		390,000.00
Ownership of California Trust Company		1,475,324.66†
Loans and Discounts		65,013,825.23
Bank Premises, Furniture and Fixtures		789,902.55
Income Earned, Not Collected		1,228,139.02
Customers' Liability under Letters of Credit and Acceptances		1,417,223.68
Other Resources		408,702.80
TOTAL		$468,649,685.55

LIABILITIES

Deposits: Demand	$256,238,105.19	
Time	153,632,446.78	
United States War Loan Deposit	38,016,104.02	
Other Public Funds	1,199,523.16	$449,086,179.15
Reserve for Interest, Taxes and Expenses		1,197,839.04
Income Collected, Not Earned		331,255.66
Letters of Credit and Acceptances		1,731,682.99
Capital Stock (Common)	6,500,000.00	
Surplus	6,500,000.00	
Undivided Profits	3,302,728.71	16,302,728.71
TOTAL		$468,649,685.55

*$45,294,685.13 pledged, according to law, to secure Public Funds and Trust Deposits.
†California Trust Company—owned by California Bank and devoted exclusively to trust service—has Capital of $1,000,000.00, Surplus of $500,000.00 and Undivided Profits of $239,960.38.

OFFICERS

ARCH W. ANDERSON, *Chairman of the Board*
FRANK L. KING, *President*

Senior Vice-President
ALLAN HANCOCK

Vice-President and Counsel
CHAS. E. DONNELLY

Vice-Presidents
ARTHUR T. BRETT C. C. DEPLEDGE W. WAYNE GLOVER
F. S. HANSON T. E. IVEY, JR. F. M. MAGEE H. J. MENDON
F. HOWARD RUSS, JR. J. A. SHINE CLIFFORD TWETER
W. F. BRANDT H. E. HUDSON J. G. MAULHARDT B. B. ODELL

Cambridge Chronicle. In that issue appeared an advertisement of the Charles River Bank (now the Harvard Trust). The 1846 ad carried a complete list of bank officers, warnings on current counterfeits, and a New England bank note list of formidable length.

GI Loan Digest

A recent bulletin of the Financial Advertisers Association carried an enclosure of a "GI digest," published by the NATIONAL CITY BANK OF CLEVELAND, of bank loans for veterans, furnishing regulations governing home, business and farm loans in chart form. More than 5,000 copies of the digest have been distributed to correspondent banks, the Veterans Administration, Washington, members of the Financial Advertisers Association, members of Association of Reserve City Bankers, Cleveland Selective Service Boards, and Georgia Bankers Association. Several hundred were sent out to banks throughout the United States on request. Bank reaction to the digest has been very good.

GI Succeeds With Bank Aid

THE AMERICAN NATIONAL BANK, Nashville, Tennessee, received valuable newspaper publicity in the news story of a returned GI. The veteran, after three years' service in the Air Corps, came back to purchase the neighborhood drugstore (where he once worked) with the aid of a GI guaranteed loan. The bank loaned him a substantial por-

(CONTINUED ON PAGE 91)

"Mr. Bliss, our vice-president in charge of real estate, is looking for a place himself"



Guaranty Trust Company of New York

FIFTH AVE. OFFICE
Fifth Ave. at 44th St.

MAIN OFFICE
140 Broadway

MADISON AVE. OFFICE
Madison Ave. at 60th St.

ROCKEFELLER CENTER OFFICE
40 Rockefeller Plaza

LONDON • PARIS • BRUSSELS

Condensed Statement of Condition, June 30, 1946

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers		$ 684,994,413.52
U. S. Government Obligations		1,946,239,729.41
Loans and Bills Purchased		737,594,522.21
Public Securities	$ 74,452,248.38	
Stock of the Federal Reserve Bank	7,800,000.00	
Other Securities and Obligations	11,312,182.16	
Credits Granted on Acceptances	5,178,997.71	
Accrued Interest and Accounts Receivable	11,205,872.09	
Real Estate Bonds and Mortgages	1,410,640.98	
Items in Transit with Foreign Branches and Net Difference in Balances between Various Offices Due to Different Statement Date of Foreign Branches	129,387.46	
		111,489,328.78
Bank Buildings		9,212,723.19
Other Real Estate		142,602.88
Total Resources		$3,489,673,319.99

LIABILITIES

Capital	$ 90,000,000.00	
Surplus Fund	170,000,000.00	
Undivided Profits	57,476,732.61	
Total Capital Funds		$ 317,476,732.61
General Contingency Reserve		37,076,925.13
Deposits	$3,049,310,013.67	
Treasurer's Checks Outstanding	51,447,633.09	
Total Deposits		3,100,757,646.76
Acceptances	$ 9,066,268.84	
Less: Own Acceptances Held for Investment	3,887,271.13	
	$ 5,178,997.71	
Liability as Endorser on Acceptances and Foreign Bills	196,788.00	
Dividend Payable July 1, 1946	2,700,000.00	
Accounts Payable, Reserve for Expenses, Taxes, etc.	26,286,229.78	
		34,362,015.49
Total Liabilities		$3,489,673,319.99

Securities carried at $546,800,449.09 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes. This Statement includes the resources and liabilities of the English, French, and Belgian Branches as of June 26, 1946.

EUGENE W. STETSON
Chairman of the Board

W. PALEN CONWAY
Chairman of the Executive Committee

WILLIAM L. KLEITZ
Vice-President

J. LUTHER CLEVELAND
President

DIRECTORS

GEORGE G. ALLEN — Director, British-American Tobacco Company, Limited, and President, Duke Power Company

WILLIAM B. BELL — President, American Cyanamid Company

F. W. CHARSKE — Chairman, Executive Committee, Union Pacific Railroad Company

J. LUTHER CLEVELAND — President

W. PALEN CONWAY — Chairman of the Executive Committee

CHARLES P. COOPER — Vice-President, American Telephone & Telegraph Company

WINTHROP M. CRANE, JR. — President, Crane & Co., Inc., Dalton, Mass.

STUART M. CROCKER — President, Columbia Gas & Electric Corporation

JOHN W. DAVIS — of Davis Polk Wardwell Sunderland & Kiendl

ARTHUR C. DORRANCE — President, Campbell Soup Company

CHARLES E. DUNLAP — President, Berwind-White Coal Mining Company

GANO DUNN — President, The J. G. White Engineering Corporation

WALTER S. FRANKLIN — Vice-President, The Pennsylvania Railroad Company

LEWIS GAWTRY

JOHN A. HARTFORD — President, The Great Atlantic & Pacific Tea Company

CORNELIUS F. KELLEY — Chairman of the Board, Anaconda Copper Mining Company

MORRIS W. KELLOGG — Chairman of the Board, The M. W. Kellogg Company

CHARLES S. MUNSON — President, Air Reduction Company, Inc.

WILLIAM C. POTTER — Retired

GEORGE E. ROOSEVELT — of Roosevelt & Son

EUGENE W. STETSON — Chairman of the Board

ROBERT T. STEVENS — Chairman of the Board, J. P. Stevens & Company, Inc.

THOMAS J. WATSON — President, International Business Machines Corporation

CHARLES E. WILSON — President, General Electric Company

ROBERT W. WOODRUFF — Chairman, Executive Committee, The Coca-Cola Company

Member Federal Deposit Insurance Corporation

NATIONAL BANK OF DETROIT

DETROIT, MICHIGAN

Complete Banking and Trust Service

STATEMENT OF CONDITION JUNE 29, 1946

RESOURCES

Cash on Hand and Due from Other Banks		$ 272,032,087.89
United States Government Securities		725,844,536.24
Stock of the Federal Reserve Bank		1,455,000.00
Other Securities		72,204,329.83
Loans:		
Loans and Discounts	$ 156,146,555.52	
Real Estate Mortgages	27,225,271.33	183,371,826.85
Branch Buildings and Leasehold Improvements		1,099,496.14
Accrued Income Receivable		2,827,746.98
Customers' Liability on Acceptances and Letters of Credit		2,239,753.10
		$1,261,074,777.03

LIABILITIES

Deposits:		
Commercial, Bank and Savings	$1,007,811,851.29	
United States Government	137,306,572.81	
Other Public Deposits	46,554,528.64	$1,191,672,952.74
Accrued Expenses and Taxes Payable		1,810,346.61
Income Collected—Unearned		254,229.36
Common Stock Dividend No. 24, Payable August 1, 1946		812,500.00
Acceptances and Letters of Credit		2,239,753.10
Reserves		8,153,405.96
Preferred Stock		8,500,000.00
Common Capital Funds:		
Common Stock	$ 12,500,000.00	
Surplus	27,500,000.00	
Undivided Profits	7,631,589.26	47,631,589.26
		$1,261,074,777.03

United States Government Securities carried at $171,364,577.38 in the foregoing statement are pledged to secure public deposits, including deposits of $23,048,208.15 of the Treasurer-State of Michigan, and for other purposes required by law.

DIRECTORS

HENRY E. BODMAN
ROBERT J. BOWMAN
CHARLES T. FISHER
CHARLES T. FISHER, JR.
JOHN B. FORD, JR.
JAMES S. HOLDEN
JAMES INGLIS
WILLIAM S. KNUDSEN
ALVAN MACAULEY
WALTER S. McLUCAS
W. DEAN ROBINSON
R. PERRY SHORTS
GEORGE A. STAPLES
R. R. WILLIAMS
C. E. WILSON

TRUST DEPARTMENT

This bank acts as Trustee, Executor and Corporate Agent

Member Federal Deposit Insurance Corporation

tion of his capital. Up to this time, the drugstore is meeting with increasing success.

Travel Bureau in Bank

The MERCANTILE-COMMERCE BANK AND TRUST COMPANY, St. Louis, has opened a complete travel bureau with American Express Company service. This newest of the bank's departments is located off the first floor lobby and is staffed by experienced personnel of the express company.

The bureau offers complete service, including reservations, hotel rooms and tickets on all transportation systems. There is a brisk demand for its service.

Pilot Branch

An interesting outgrowth of BANK OF AMERICA'S recently announced program of salary increases and shortened hours is the adoption of a "pilot branch" method of aiding in the development of advantageous changes in operational techniques.

The method is to choose a branch in each of the branch supervision districts and treat it as a sort of field experimental laboratory. Here, both the standards department and the branch supervision departments work in cooperation with branch officers and staff to produce techniques which, after being tested and proved, can then be adopted by other branches with assured results.

Congrats

With "stork loan departments" being organized right and left, it is apropos to mention a little mailing piece issued in the same vein by the IRVINGTON NATIONAL BANK, Irvington, New Jersey. "Blue" if it's a boy, "pink" if it's a girl—these envelopes go forward with a lively message and congratulations to the new parents. The bank conveys its best wishes that the "blessed event" will bring much comfort and joy. On the back page, there's a little message which suggests in a most friendly fashion that if hospital, medical or doctor bills upset the budget unduly, a personal loan could be arranged.

Interim Advertising

BANK OF MONTREAL sponsors what it calls a "bridge" between loan advertisements. The "bridge" is intermittent anti-inflation advertising which is essentially "savings" in character. These occasional stoppers feature the theme:

Republic National Bank of Dallas

Statement of Condition June 29, 1946

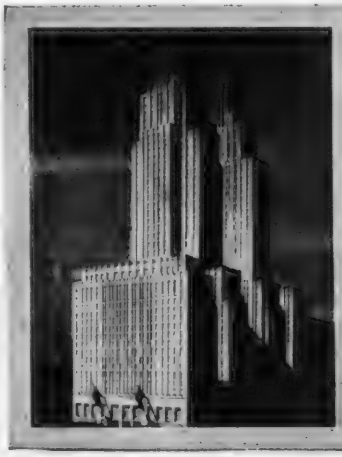
RESOURCES

Loans and Discounts		$132,089,423.09
Banking House		1,930,999.31
Furniture and Fixtures		280,803.49
Real Estate for Bank Expansion		489,503.87
Stock in Federal Reserve Bank		600,000.00
U. S. Government Securities		68,076,249.40
Other Bonds and Securities		212,746.31
Cash and Due from Banks		76,830,700.40
Total		$280,510,425.87

LIABILITIES

Capital	$ 10,000,000.00	
Surplus	10,000,000.00	$ 20,000,000.00
Undivided Profits		2,001,915.43
Reserve for Dividend, Payable July 1, 1946		200,000.00
Reserve for Taxes, Etc.		1,746,891.36
DEPOSITS:		
Individual	$139,017,238.49	
Banks	84,066,548.18	
U. S. Government	33,477,832.41	256,561,619.08
Total		$280,510,425.87

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



There are many alternatives but only one "Waldorf"

The **WALDORF ASTORIA**

PARK AVENUE • 49TH TO 50TH
NEW YORK



L. S. White, head, airplane finance department, First National Bank of Portland, Oregon, with Piper cruiser purchased by the bank for use of its officers in making emergency trips to and from its branches. The bank's pilots will be Mr. White and his assistant, George Sheppard. This is the first instance to come to BANKING's attention of a bank's buying a plane for inter-bank use

For many a borrower saving is still No. 1. It is aimed principally at spending for higher than reasonable prices, for price-inflated scarce commodities and equipment, and for those who are tempted to cash in Victory Bonds. These advertisements invariably carry this special notation:

To Our Customers.

We say: "Don't borrow unless you have to but if you need money for some *useful purpose*, by all means get a loan from the bank.

We also say: "Don't sell your Victory Bonds. . . . If you need cash, get a low-cost loan and pay it back out of future earnings.

Merger

Announcing the recent consolidation of the Peoples-Pittsburgh Trust Company and the First National Bank at Pittsburgh into a new institution, the PEOPLES FIRST NATIONAL BANK TRUST COMPANY, called for something special in the way of a mailing piece. Tied to a catchy slogan "Think of Peoples First," the piece carried a formal message co-signed by Frank E. Brooks, chairman of the board, and Robert C. Downie, president. It catalogued the variety of services offered by the new bank, and dramatically illustrated branch locations with superimposed photographs keyed to a full color city street map.

Introduction

One of the most informative, compact, and readable booklets to come across our desk in many a day is the "You and Your Bank" introduction for new employees published by CALIFORNIA BANK, Los Angeles. The size 4½ x 6 inches tucks easily into a pocket and invites the new recruit to carry it with him until he becomes familiar with all the workings of the organization.

The booklet has a foreword of welcome by President Arch W. Anderson, and follows with separate chapters on the bank, its history, functions, customers and employees, with a review of the history and functions of CALIFORNIA BANK's affiliate, CALIFORNIA TRUST COMPANY. A centerspread illustrates the "family tree" mergers since 1903.

Code

The CITIZENS NATIONAL BANK of Quitman, Georgia, found an opportu-

HARRIS TRUST AND SAVINGS BANK

Organized as N. W. Harris & Co. 1882—Incorporated 1907 · · · HARRIS TRUST BUILDING, CHICAGO

STATEMENT *of* CONDITION

June 29, 1946

Resources		
Cash on Hand and Due from Banks		$120,085,466.34
U. S. Treasury Bills and Certificates		67,868,202.85
U. S. Government Bonds and Notes		120,576,381.58
State and Municipal Securities		25,149,615.77
Other Bonds and Securities		41,618,987.39
Loans and Discounts		144,877,107.60
Federal Reserve Bank Stock		600,000.00
Customers' Liability on Acceptances and Letters of Credit		1,271,485.73
Accrued Interest and Other Resources		2,055,242.29
TOTAL		$524,102,489.55
Liabilities		
Capital	$ 8,000,000.00	
Surplus	12,000,000.00	
Undivided Profits	4,807,784.64	$ 24,807,784.64
General Contingency Reserve		6,626,392.82
Reserve for Taxes, Interest, Etc.		3,431,070.59
Acceptances and Letters of Credit		1,271,485.73
Demand Deposits	$452,271,147.18	
Time Deposits	35,694,608.59	487,965,755.77
TOTAL		$524,102,489.55

$85,910,000 of United States Government Obligations and $300,000 of State and Municipal Securities are pledged to secure $65,028,008.27 of United States Government Deposits and $18,657,600.77 of Trust Deposits, and to qualify for fiduciary powers.

Member of Federal Deposit Insurance Corporation

Directors

JAMES M. BARKER
Chairman, Allstate Insurance Company
MARK A. BROWN
Executive Vice-President
THOMAS DREVER
President, American Steel Foundries
FRANK R. ELLIOTT
Chicago
HOWARD W. FENTON
Chairman of the Board
FRED G. GURLEY
President, Atchison, Topeka & Santa Fe Railway Company
ARTHUR B. HALL
Hall & Ellis
ALBERT W. HARRIS
Chicago
STANLEY G. HARRIS
Chairman of Executive Committee
SYDNEY G. McALLISTER
Director, International Harvester Co.
JOHN L. McCAFFREY
President, International Harvester Co.
F. B. McCONNELL
President, Sears, Roebuck & Co.
JOHN McKINLAY
Chicago
FRANK McNAIR
Vice-Chairman of Executive Committee
A. H. MELLINGER
President, Illinois Bell Telephone Co.
CHARLES H. MORSE
Director, Fairbanks, Morse & Co.
GUY E. REED
Vice-President
PAUL S. RUSSELL
President
WILLIAM P. SIDLEY
Sidley, Austin, Burgess & Harper
HAROLD H. SWIFT
Vice-Chairman of Board, Swift & Co.
STUART J. TEMPLETON
Wilson & McIlvaine
WARD W. WILLITS
Director, The Adams & Westlake Co.
FRANK H. WOODS
Chairman of Board, Addressograph-Multigraph Corp.

nity to do a job of public relations recently by publishing a "Banking Code of Ethics" as adopted by the Georgia Bankers Association. This seven-point code clearly outlined the public service objectives of the banking profession at a time when industry and labor added to the confusion of the average reader with ax-grinding blurbs in the public press. Facsimile copies of the advertisement were distributed to member banks by the association with the recommendation that a similar job be done locally.

Consumer Credit

The LaSalle National Bank and Trust Company of Chicago is merchandising a consumer credit program which has a two-way appeal: The customer is invited to establish a credit line for immediate purchases, or purchases that may be planned sometime in the future, or he may arrange to make regular deposits toward a down-payment goal with assurance that bank credit will be available to complete the purchase. Special identification cards, free literature and magazines are offered.

Ideas

The Royal Bank of Canada carries an idea digest insert in its employee organ, *The Royal Bank Magazine*, to stimulate timely promotion of various banking services. The ideas, mostly in a merchandising vein, are rounded up by the editors from successful branch operations. The back page of the insert reproduces current newspaper advertising, posters and pamphlets with brief descriptions of the objectives behind each effort. This feature keeps the whole staff sales-minded. By inviting individual contributions from the staff, the whole organization has a stake in the development of new methods and media.

"Specialized Lending"

Referring to the item "Specialized Lending" in this department of July Banking, *Miss Gertrude M. Jacobs, assistant vice-president of the Marshall & Ilsley Bank of Milwaukee, calls our attention to the story's inference that the bank has just established its department for specialized lending. "As a matter of fact," she says, "Marshall & Ilsley set up this department in 1938; and because of the expansion of business, it has been necessary to equip practically an entire floor of our building for the use of this department."*



STATEMENT OF CONDITION

June 29, 1946

RESOURCES

Cash and Due from Banks		$ 316,557,218.44
U. S. Government Securities	$1,125,825,501.04	
State and Municipal Securities	34,991,808.36	
Other Bonds and Securities	11,189,493.97	1,172,006,803.37
Loans and Discounts		233,228,647.00
Earned Interest Receivable		4,358,529.18
Customers' Liability under Acceptances and L/C		1,540,008.79
Bank Premises		5,011,297.63
Vaults, Furniture and Fixtures		1,163,631.91
Other Assets		93,760.99
TOTAL		**$1,733,959,897.31**

LIABILITIES

Capital	$24,000,000.00	
Surplus	26,000,000.00	
Undivided Profits	23,500,000.00	$ 73,500,000.00
Reserves for Contingencies, Interest, Taxes, Dividends		11,533,715.27
Interest Collected—Unearned		800,336.53
Acceptances and Letters of Credit Liability		1,540,008.79
Other Liabilities		141,962.65
Deposits—Time	$ 599,392,453.52	
—Demand	1,047,051,420.55	1,646,443,874.07
TOTAL		**$1,733,959,897.31**

United States Government and other securities carried at $191,146,398.00 are pledged to secure U.S. Government War Loan Deposits of $141,427,694.74 and other public funds and trust deposits and for other purposes as required or permitted by law.

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120 OFFICES AND BRANCHES

INVENTORIES COLLATERALIZED FOR WORKING CAPITAL LOANS

FIELD WAREHOUSING

The timely and active unit of present-day Loan Machinery employed by FINANCIAL INSTITUTIONS

FIELD WAREHOUSING presents a way—to increase your loan portfolios of many borrowers on a profitable and and well-secured basis.

Our efficient and economical FIELD WAREHOUSING SERVICE,—the setting up of a Legal Warehousing operation right on the premises of the business location, satisfies *both* the Borrower and his Financial Institution.

Your Protection

1. **Value** of the merchandise.
2. **Our Ability and Skill** supported by our Warehousemen's Legal Liability and Employee's Fidelity Bond, underwritten by the Hartford Accident and Indemnity Co.
3. **Our Record Stands**—Not one dollar of loss to Lending Agent, Bonding Company or Ourselves.

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WRITE TO NEAREST OFFICE For Illustrated Literature and complete information.

FIELD WAREHOUSING DIVISION

ST. LOUIS TERMINAL WAREHOUSE CO.

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Bank Vaults Survive Atom Bomb



Although the atomic bomb at Hiroshima wrecked two vaults in the Teikou Bank made by a Japanese firm, four American-made vaults in the same room survived and still functioned after the blast

AMERICAN-MADE bank vaults withstood the atomic bomb blast at Hiroshima, while Japanese-made vaults in the same room were completely destroyed, their doors blown off the hinges, and the sides crushed, according to word received by the Mosler Safe Company of Hamilton, Ohio.

This information came to the company in a letter from an Army lieutenant inspecting the Hiroshima damage.

"In visiting the remains of the city of Hiroshima," he wrote, "I found in one of the structures still standing, four large vaults built by the Mosler Safe Company."

Further inquiry produced a more extensive report, including the story of an eyewitness to the bombing itself and photographs of the wrecked bank building and the intact vaults.

The report stated:

"Those buildings constructed of steel and concrete in Hiroshima were best able to stand the explosion and hence protected their contents to some degree. . . . The explosions cracked the exteriors, tore the cement floors into pieces and the fire which followed gutted the buildings of all else. Those buildings constructed of reinforced concrete only, such as the Teikou Bank, were damaged to a larger degree. Those built of wood or brick were completely demolished.

"Two Mosler bank vaults, one being located at the Teikou Bank in Hiroshima and the other located in the Geibi Bank in Kure, were in excellent condition and were in operation."

The latter city, Kure, was burned with conventional incendiaries and the brick Geibi Bank building survived entirely although surrounding wooden buildings were all burned to the ground.

The vaults in the Hiroshima Teikou Bank were built above ground level on the street floor of the bank.

Small Fry

A. B. Boggs, of the BANK OF VIRGINIA's Newport News office, did a "double-take" as he looked up—or was it *down?*—from his desk at his next customer. The young man, age nine, wanted to borrow a dollar. Hiding a spontaneous smile, Mr. Boggs began the interview:

The customer was composed and businesslike. Of course, he knew he would have to sign a note. Certainly, he could write his name. Yes, he could pay back the loan—by cutting grass. Purpose of the loan? To put with $4 he already had to buy a bicycle.

With the note made out and meticulously signed, Mr. Boggs took a crisp new dollar from his pocket and handed it to the young man. Folding the bill carefully and buttoning it inside a pocket, the customer turned and walked out proudly. While the interview was in progress, an audience of bank personnel had gathered around; when the customer left everyone wanted to share the subscription. But Mr. Boggs insisted this was a non-profit deal which he intended to underwrite himself, compliments of the consumer credit department (small fry division).

Factor's Lien Financing

(CONTINUED FROM PAGE 47)

In compliance with the act, a simple agreement was executed. This included a statement to the effect that the factor would have a lien on certain of the borrower's merchandise. It also included a warranty by the borrower to the effect that at the time a lien on any merchandise was given the factor, the borrower would have good title thereto. A covenant to pledge the receivables resulting from the sale of the liened merchandise as well as a covenant to allow the bank's officers, employees, or agents to inspect the borrower's property and books were included in the agreement along with a statement by the borrower that he would not remove the merchandise without the consent of the bank. A physical inventory of the logs and lumber on hand was then taken, and the total amount set forth on the required form to indicate that a lien on the merchandise had been given the factor.

Having complied with the other requirements of the law such as recording, posting a sign, etc., the factor was then able to make an advance based on an established dollar amount per thousand board feet of logs, and a somewhat greater amount for lumber. By maintaining a perpetual inventory of both logs and lumber, the borrower was in a position to render weekly reports to the factor showing the inventory balance at the beginning of the week, the logs and lumber cut during the week, and the sales for that period. A weekly advance was made based on the week's cut and sales were substantiated by receivables assigned to the factor. The loan, of course, built up as green lumber was placed in the yard for ageing. As shipments of aged lumber were made and the resulting receivables liquidated, however, the loan leveled out and then gradually paid down. An occasional physical test of the inventory provided a check on the operation, which was not only easy to follow from the factor's point of view, but mechanically simple for the borrower.

In the years just ahead, with rising labor and material costs, manufacturers may require more financing for inventory purposes than ever before. To take care of this potential demand, the Factor's Lien Act gives the banker an additional tool with which to do his job.

If men had no faith in each other, they would have to live within their incomes.

We think it's time to call the attention of real estate speculators again to the old adage: Be not the first by whom the land is sought, nor yet the last by whom the tract is bought.

Will civilization ever produce men too civilized to go to war?

"What do I want it for? Why, so I can set my new husband up in business!"



The FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

Statement as of June 29, 1946

RESOURCES

Cash and Due from Banks	$ 55,710,044.15
United States Bonds	118,862,712.76
Other Bonds and Securities	17,873,846.46
*Loans and Discounts	58,724,253.05
Federal Reserve Stock	360,000.00
Banking Premises Occupied	3,774,287.32
Customers' Liability Under Acceptances	91,962.98
Other Resources	763,452.37
TOTAL	$256,160,559.09

LIABILITIES

Capital Stock	$ 6,000,000.00	
Surplus	6,000,000.00	
Undivided Profits	2,375,572.57	
Total Capital Funds		14,375,572.57
General Reserve		3,206,111.89
Reserve for Dividends Payable		90,000.00
Reserve for Taxes		1,303,188.56
Reserve for Interest, etc.		193,453.14
Liability Under Acceptances		91,962.98
DEPOSITS:		
**Commercial, Bank and Savings		205,800,717.24
U. S. Government		30,895,497.95
Other Liabilities		204,054.76
TOTAL		$256,160,559.09

*In addition to the loans and discounts as shown we have unused loan commitments outstanding in the amount of $8,502,707.93.

**This includes $3,392,167.81 of trust moneys on deposit in the Banking Department, which under the provisions of the banking law, Section 710-165 of the State of Ohio is a preferred claim against the assets of the bank.

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19 Convenient Offices in Cincinnati

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION—MEMBER FEDERAL RESERVE SYSTEM

I Still Love That Bank

RHODA HANSON

MRS. HANSON *sends this bit of personal reminiscence to* BANKING *from her home in Miles City, Montana.*

SINCE the early Thirties, my affections have been on deposit with the Paris branch of a large American bank.

It was then that I decided to take my junior year at the Sorbonne. It would be nice to say that I was inspired by something I picked up in French II about Voltaire, but the unvarnished truth was I had Boy Trouble.

A freshman at a co-ed college in those glamorous years got one you-know-what of a rush. Besides, I was a northerner in rebel territory, and was always repeating (by special request) that everything was "mahvelous," and this one word was my social open sesame. Excitement, it was wonderful!

But along came the crash—Wall Street's and mine. I returned as a sophomore and cut not a mark on the social ice. Why should I? There was a brand new crop around, and horror of horrors, all kinds of girls from Massachusetts who could all say "mahvelous" much better than I.

Came the great decision. I would go to Paris, and when I got back, I would be a novelty all over again. That wasn't the reason I advanced to the family. Being crazy over languages, I said, and having mapped out a diplomatic future, why not get in on the ground floor of the Sorbonne?

MY family was well pleased. My current love was not. He gave me a copy of College Humor which had printed a dire article about what invariably happened to American girls in Paris, and after reading it, my mind was made up. I sailed with 90 other hopefuls comprising the Delaware group in July. I could hardly wait to get to Paris.

My friend didn't come to the boat. According to College Humor I was a gone goose; beside, he was haying in Jersey. But he did wangle me a letter that seemed promising. His father was connected somehow with a big bank, and my friend had persuaded him to write a little note. As I recall, it said that Miss Pratt was a "dear" friend.

FOUNDED 1894 · EVERY BANKING SERVICE · 47 NEIGHBORHOOD OFFICES

The Cleveland Trust Company

THE BANK FOR ALL THE PEOPLE

668,000 SAVINGS AND CHECKING ACCOUNTS

CONDENSED STATEMENT OF CONDITION, JUNE 29, 1946

ASSETS

Cash on Hand and in Banks		$ 168,890,518.66
United States Government Securities		630,112,135.25
State, Municipal and Other Securities, including stock of the Federal Reserve Bank		20,488,287.58
Loans and Discounts		260,958,141.88
Bank Premises—Main Office and Branches		4,020,827.64
Other Real Estate		1.00
Other Assets		2,803,122.33
Customers' Liability on Acceptances		87,053.32
Total		$1,087,360,087.66

LIABILITIES

Capital Stock	$ 13,800,000.00	
Surplus	15,000,000.00	
Undivided Profits	3,527,840.40	
Capital Notes Retirement Fund	6,000,000.00	
Reserve for Contingencies	2,186,720.67	
Capital Notes	11,000,000.00	
Total Capital Funds		51,514,561.07
DEPOSITS		
Demand	$446,610,455.63	
Savings	447,925,561.45	
United States Government	91,340,873.20	
Estates Trust Department	26,869,908.71	
Corporate Trust Department	10,924,443.04	1,023,671,242.03
Accrued Taxes, Interest, etc.		5,942,669.03
Other Liabilities		6,144,562.21
Acceptances Executed for Customers		87,053.32
Total		$1,087,360,087.66

Contingent Liability on Loan Commitments—$9,117,500.00

United States Government Securities carried at $137,301,597.50 are pledged to secure U. S. Government Deposits and other public funds and for other purposes as required or permitted by law

Assets are shown Net after deducting Reserves.

We welcome individuals and corporations seeking new or additional banking services.

47 CONVENIENT OFFICES

Out-of-town:

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COMMERCIAL • SAVINGS • TRUSTS

Member: Federal Deposit Insurance Corporation — Federal Reserve System



"What a pity! My cash lacks just one dollar of being off an even thousand!"

and he would appreciate the bank's extending me a helping hand.

When I landed in Paris, I went right out after that helping hand. The bank was on Rue Cambon, a side street, and it looked white and solid and rich. So rich that I, being half chameleon, began to feel as though I were clothed in sable. Probably a lucky reaction since mother had clothed me in speckled brown tweed (won't show the dirt) and brown groundgrippers (the French walk so much), and my bosom was abnormally distended by a chamois money bag.

I sailed in, and told the doorman that I wanted to see the president. The doorman bowed me on to a cashier and into his bended ear I poured my story. I was passing a few months in higher learning at the Sorbonne, I said, and had decided after due thought to carry out my financial transactions through his bank. All this in French which, I felt, was excellent. It had picked up considerably since 30 minutes before when I couldn't report my lost suitcase because I had also mislaid the words for "lost" and "suitcase." I chalked my new familiarity with the language up to my gracious surroundings, and went on.

I WAS anxious to get the whole matter settled before I plunged into Learning, capital L, so perhaps I should see the president first of all since there were things to discuss and I was, after all, not too familiar with finance. (He gave me an I-doubt-that-smile, which I thought was charming of him.)

But he got me an interview on the spot, and when I met the president, he was hospitality itself. My friend's father was an old crony, so he said, and he would turn himself inside out to help me. I had certainly come to the right place. The bank had, it seemed, an unending list of services it performed for its own. He described them in detail, but don't expect me to report on them. I didn't hear a word; I was worrying myself sick over how I was going to withdraw my money which was snugly banked in my bosom.

And now, he concluded, we would get down to the business of opening an account, a mere technicality. But first, would I care to meet their Mrs. Somebody who was especially nice to lady clients, rendering little services for them. And I thought with relief: Ahhah, she can just render me one now and get me someplace where I can extricate my money.

And she did. I explained, just between us girls, the exact location of the money, and she thoughtfully turned her back and looked out her private office window while I unpinned four safety pins and took out the bag which held the bag which held the money.

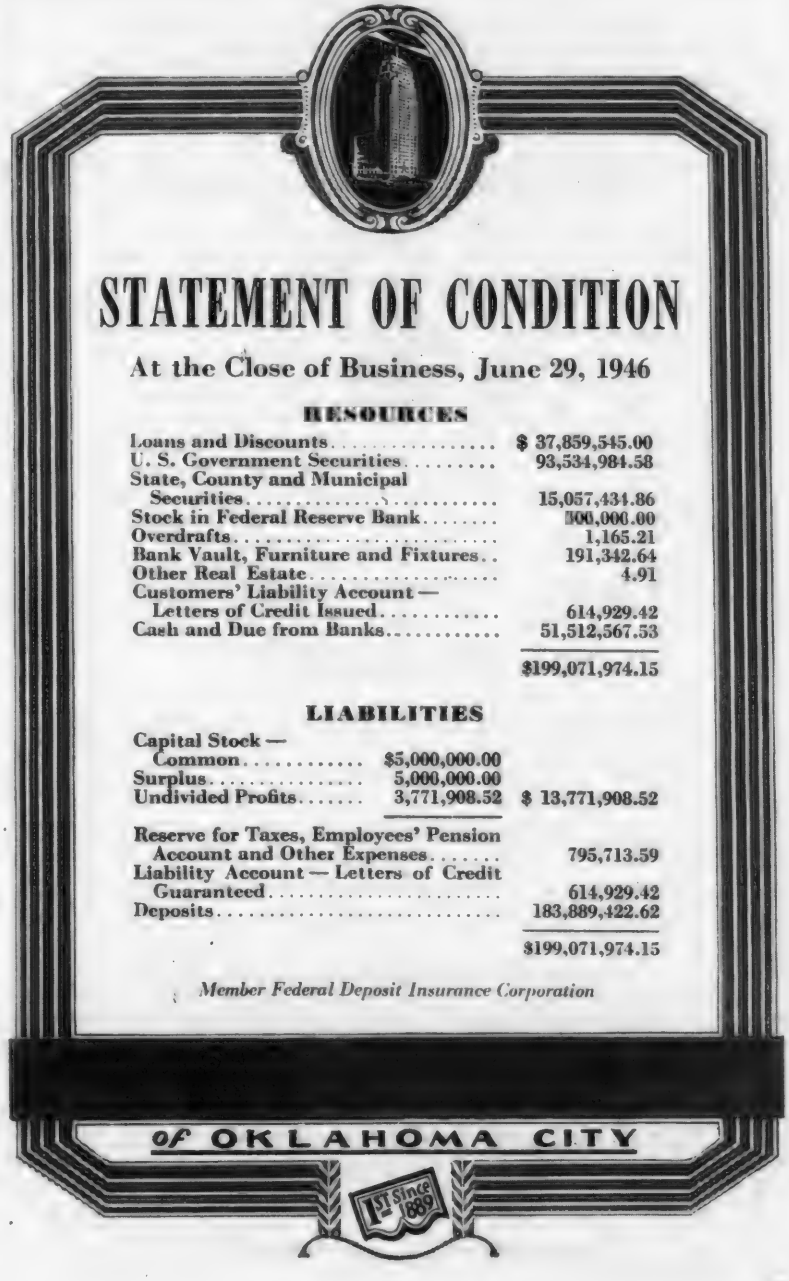
She eyed it with interest and ushered me back to the president's office where a couple of other people had foregathered. Not to meet me, I hastily add; but I managed to get myself thoroughly introduced and felt like a celebrity. *Felt* nothing, I *was* a celebrity. I warn you stay away from that bank. It does that to you.

And then came the moment after the signing, when I drew the money bag from my pocketbook. As I unfolded and unreeled layers of chamois (mother is nothing if not thorough) I explained prettily that I didn't have much to put in.

We all smiled, and with my newly acquired air of gentle wealth, I lived up to my word and laid down $15 in travelers' checks.

And put this down, to the credit of the bank: the people hung onto their smiles not only then but for the months afterwards when I went in at regular intervals to deposit $50 or $25.

I didn't get about too much in Paris. But I did make frequent trips to the bank, and always found it my financial friend.



STATEMENT OF CONDITION

At the Close of Business, June 29, 1946

RESOURCES

Loans and Discounts		$ 37,859,545.00
U. S. Government Securities		93,534,984.58
State, County and Municipal Securities		15,057,434.86
Stock in Federal Reserve Bank		300,000.00
Overdrafts		1,165.21
Bank Vault, Furniture and Fixtures		191,342.64
Other Real Estate		4.91
Customers' Liability Account — Letters of Credit Issued		614,929.42
Cash and Due from Banks		51,512,567.53
		$199,071,974.15

LIABILITIES

Capital Stock — Common	$5,000,000.00	
Surplus	5,000,000.00	
Undivided Profits	3,771,908.52	$ 13,771,908.52
Reserve for Taxes, Employees' Pension Account and Other Expenses		795,713.59
Liability Account — Letters of Credit Guaranteed		614,929.42
Deposits		183,889,422.62
		$199,071,974.15

Member Federal Deposit Insurance Corporation

of OKLAHOMA CITY

1ST Since 1889

17 Months of GI Loan Experience

(CONTINUED FROM PAGE 46)

closing. If the bank of the veteran's preference declines an application, it is our practice to endeavor to place the application with one of the other institutions, providing the application appears to have merit."

Mr. Stebbins opened the office, with the assistance of one secretary, in a small partitioned store, chosen because of its accessibility to the local veterans' information bureau. The office was moved to more suitable space in the Reynolds Arcade Building four months later, and it was soon apparent that the type of accommodations was more important than the location. Pressed for waiting room and office space after V-J Day, the office was expanded to incorporate an adjoining suite. Mr. Stebbins and his four assistant managers and a clerical force of nine girls are now comfortably located in a tenth floor suite, which includes a large reception room, a large general office, and five small private offices.

Procedures followed in the Rochester unit are routine for this type of service. The office, however, has found a useful shortcut in requiring the following papers and information from veterans desiring home loans before the actual processing begins:

(1) Purchase offer. Two originals or two certified copies. (The veteran is always advised to insert a clause making the deal contingent upon securing a GI loan.)

(2) Legal description of property.

(3) Assessed value of property.

(4) Amount of rental income.

(5) Original discharge papers.

(6) Appraisal fee (standard local appraisal costs for existing construction in the city, for farm property, or for new construction).

(7) Name of seller's attorney.

(8) Name of buyer's attorney.

(9) Information on who holds the present mortgage and its amount.

(10) Three credit references.

NEW EDITION *now ready for you—*



A USEFUL HANDBOOK OF INFORMATION ON GOVERNMENT SECURITIES

Banks interested in U. S. Government Securities have found this Northern Trust Company booklet of great usefulness. It contains charts, tables and much other information relative to such securities. The new edition brought up to date with facts and figures is now available. Write for your copy.

BOND DEPARTMENT

THE NORTHERN TRUST COMPANY

50 SOUTH LA SALLE STREET, CHICAGO 90, ILLINOIS

Member Federal Deposit Insurance Corporation

Telephone Franklin 7070 Bell System Teletype—CG 368

All Business Depends on Topsoil

(CONTINUED FROM PAGE 51)

the future welfare not only of our farmers but of our entire state is largely dependent upon the fertility of our soil."

"But we have come to the conclusion," Mr. Brown declared, "that the program is essentially a long-range educational program, the full benefit of which will not be achieved for years to come.

"With this thought in mind, the South Carolina Bankers Association is devoting much time and effort in establishing in our schools a course of instruction designed to interest and encourage our boys and girls of school age in sound soil conservation practices.

"These boys and girls will not only be the future farmers of our state, but even now they can be instrumental in interesting their parents in adopting an improved agricultural program. The officials of the South Carolina Bankers Association are well pleased with the enthusiasm that has been exhibited by many of the schools throughout the state. We have found school officials very cooperative and we are convinced that the ultimate possibilities of this program can and will mean much to the future prosperity of our state."

Dishwater helps to keep a wedding ring bright.

The police are the persons who can arrange for us to have less crime news in the newspapers.

Railroad crossing accidents are the best indication that the American people do not believe in signs.

Farm Mortgage Pitfalls

(CONTINUED FROM PAGE 55)

necessary at this time to observe sound principles of farm mortgage lending. Otherwise an eventual readjustment in farm income will result in trouble for both lenders and borrowers. These principles have been outlined in a pamphlet published by the Agricultural Commission of the American Bankers Association.

It is of first importance to determine that the income producing capacity of the farm will enable the borrower to meet the interest and principal payments called for by the terms of the loan. Borrowers and lenders can easily agree as to the vital importance of this principle. But the determination of the probable income producing capacity of farm real estate over a period of years is not a problem for which there is a ready or precise answer. Experience indicates that wartime prices for farm products furnish a very unreliable guide for postwar price levels. They furnish an even less reliable guide as to postwar net farm income from which interest and amortization on farm mortgages must be made.

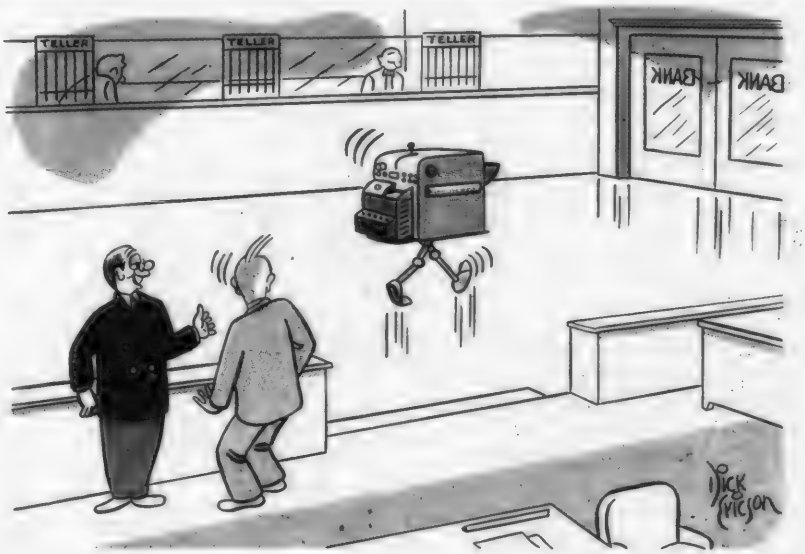
IT would certainly be prudent to expect some readjustment in wartime price levels for many farm products once the urgent relief demands for food have been provided for. Whether this will come in 1947 or later is not readily apparent at this time. Likewise if past experience is not to be entirely ignored it also appears likely that farmers will find many of their production expenses continuing at a relatively high level long after the urgent war and relief demands for food have been met. As a result net incomes are likely to be affected to a greater degree than would be indicated by a moderate decline in farm prices.

In appraising a farm for long term loan purposes, then, it is necessary to consider the possibilities with respect to gross income at average prices over a period of years and also the probabilities with respect to cash operating expenses for labor, machinery, fertilizer, supplies, taxes and insurance, etc., as well as the farmer's living expenses. It is patently dangerous to place much emphasis upon wartime net incomes when considering loans to be repaid over 10 to 20 or more years.

ONE of the most troublesome features of the farm mortgage debts inherited from the 1918–20 land boom was the large volume of second and third mortgages and of mortgages which called for payment in two, three or five years. The subsequent decline in farm income meant quick financial difficulties for both borrowers and lenders. It is now generally recognized that mortgage loan contracts should permit and encourage advance payments on principal during years of high farm income. But the mortgage debt should be predicated on an amortization plan consistent with the borrower's ability to repay under less favorable circumstances than those of recent years. This is another way of emphasizing that the appraisal for loan purposes must place first emphasis on long-term income producing capacity.

Careful appraisal of farm land and buildings upon the basis of their long-term income producing capacity is the cornerstone of safe long-term mortgage loans. Of equal importance is the experience and ability of the borrower, his character and industry, and his attitude toward conserving the soil and building up the farm.

In recent years the accumulation of loanable funds in country banks has placed such banks in a strong position to meet the credit needs of farmers. However the country banker must accept the responsibility for distinguishing between legitimate credit needs and an unwise participation in credits based upon a speculative increase in farm land prices.



"That latest model is certainly marvellous. There it goes now, out to the gas station for lunch!"

North of the Border

Some of the most important of the recent politico-economic developments in Canada were the result of events in the United States. The critical American price situation entered into the budgetary calculations of the Dominion Minister of Finance when he submitted the country's public accounts to Parliament late in June. The climax in the American price situation which freed business, even though temporarily, from OPA control was a major reason for the overnight official revaluation of the Canadian dollar to parity with the United States dollar, as well as for determining new price policies in Ottawa. These dramatic financial developments serve to demonstrate the close economic relationships between the two North American countries.

The Dominion budget turned out to be quite different from that expected by everyone, except the few who all along have realized that large social welfare commitments were being superimposed upon a necessarily big postwar bill. The Government's social welfare program was not fully implemented because of the failure to reach agreement with the provinces on respective taxation rights. (See BANKING for June.) But the family allowance part of the program required the payment of $172 million to parents on behalf of most children under 16 for most of the Government's fiscal year ending March 31 last. The current fiscal year's expenditures in this direction will be about $250 million. Rehabilitation of the armed forces cost $328 million and payments for these purposes during the 12 months ending March 31 next will probably exceed $600 million.

The first postwar burdens mentioned above, together with a rise in interest charges on an increased public debt ($16,800 million at the close of the last fiscal year) and $143 million for UNRRA went far to offset a reduction of $1,230 million in actual war costs. An estimated deficit of $1,736 million between revenues and expenditures resulted from all the Government's activities apart from $425 million for the cancellation of accumulated war debts by Britain.

Expenditures for the 1946–47 fiscal year are expected to exceed revenues by $260 million. The estimated expenditures do not, however, include prospective advances of about a billion dollars to other countries under export credits. The total financial requirements are estimated at $3¾ billion, which will require public borrowings of at least a billion dollars.

Short-term borrowing from the banks on a new peacetime basis is evidently intended by the Government. Some months ago agreement was reached with these institutions that their holdings of government securities other than deposit certificates and treasury bills or notes would be limited to 90 per cent of Canadian personal savings deposits and be so selected as to yield only a moderate profit margin over the cost of interest and other operating expenses on these deposits. This constitutes an important development in monetary policy and government finance.

In preparing his 1946–47 budget the Minister post-dated taxation relief and did not go as far in this direction as he, and many others, would have liked. Commencing January 1 next personal income exemption limits will be lifted from $660 to $750 for single people, and from $1,200 to $1,500 for married couples. These changes will take over 500,000 persons, or about 25 per cent, out of the income tax paying classes.

The flat corporation tax rate is to be cut from 40 to 30 per cent, and the excess profits levy from 20 to 15 per cent, both reductions also effective on January 1.

These taxation policies were apparently decided upon not only with a view to stretching the Government's revenues as far as possible but, also, to neutralizing inflationary elements. Immediate tax relief would, according to the Minister of Finance, add to the public's purchasing power, already well in excess of the supply of goods. Ottawa has for some time had an anxious eye on price developments abroad and evidently figured that stabilizing the Canadian purchasing power for the last half of 1946 would have some restraining effect on higher priced imports. In announcing revaluation of the Canadian dollar with the American the Minister of Finance emphasized fears that upward price movements elsewhere, notably in the United States, would, if left to themselves, undermine the Canadian price control system.

"I'd like to exchange her"



The adjustment in the exchange rate will mean that the cost of imports, including those of American products, will be 10 per cent less, in Canadian dollar terms. Actual or prospective increases in other countries' prices of such items as coal, oil, farm implements, clothing and textiles, citrus fruits, sugar, etc., will be restricted in their effect upon Canadian prices, and the task of holding a reasonable level of costs by means of subsidies on essential imports may be kept within manageable proportions.

Subsidies—payments by the Government to importers to make up differences between the cost of foreign products and lower fixed prices in Canada—have always been part of the Canadian control system, which is to be continued for some time yet under powers granted by Parliament last January. Subsidies are to be continued, but in a stricter form. Maximum mark-ups will be set by the Prices Board on a wide range of imports. The mark-ups will be somewhat less than normal, in order to minimize any adverse effect on consumer prices in Canada, prevent pyramiding of foreign price increases, and remove any temptation to handle imported goods rather than domestic goods if the latter are available in adequate quantity.

The equalization of Canadian and American currencies should lead eventually to greater North American trade and, in turn, to more business for banks in Canada and the United States.

Heard Along Main Street

Bankers on World Trade Committee

A COMMITTEE of six bankers and six industrialists has been named by PRESIDENT TRUMAN to survey foreign trade potential and to make recommendations as to financing international reconstruction with a view to the earliest possible return of "our foreign commerce and investments to private channels."

The banker members are:

WINTHROP W. ALDRICH, chairman, Chase National Bank, New York.

WALTER J. CUMMINGS, chairman, Continental Illinois National Bank and Trust Company, Chicago.

L. M. GIANNINI, president, Bank of America, San Francisco.

EDWARD HOPKINSON, JR., partner, Drexel & Company, Philadelphia.

GORDON RENTSCHLER, chairman, National City Bank of New York.

TOM K. SMITH, president, Boatmen's National Bank of St. Louis.

The committee, PRESIDENT TRUMAN said, would work closely with the National Advisory Council on International Financial and Monetary Problems. It was appointed "because our foreign trade, export and import, must in the long run be privately handled and privately financed if it is to serve well this country and world economy."

Pittsburgh Bank Merger

Merger of The Union Trust Company of Pittsburgh and the Mellon National Bank to form the Mellon National Bank and Trust Company, Pittsburgh, will create, in point of capital structure, one of the largest banks in the United States. Among the large banks, the new institution will have the largest amount of capital funds in relation to deposits.



Mr. Mellon



Mr. Denton



Mr. Stanley



Mr. Murray

RICHARD K. MELLON, president of Mellon National Bank, will be chairman of the board of the new bank. FRANK R. DENTON, president of Mellon Securities Corporation until it is merged with The First Boston Corporation, will be vice-chairman and administrative officer. CLARANCE STANLEY, president, The Union Trust Company of Pittsburgh, will be chairman of the executive committee, and LAWRENCE N. MURRAY, president. Mr. MURRAY is first vice-president of the Mellon National.

Resources of the combined banks, according to their separately published statements, as of June 29, 1946, total $1,173,602,806. Their combined deposits were $980,865,535.

Officers and employees of the two institutions will be retained and the business will be carried on in their present locations.

Paterson, N. J., Bank Merger

The merger of The First National Bank of Paterson, New Jersey, and The Paterson National Bank into First Paterson National Bank and Trust Company, New Jersey, became effective on June 1. The new bank opened its doors for business at three offices with assets of more than $80 million, capital funds of more than $5 million, and a board of 21 directors formerly comprising the boards of the two banks.

At a special organization meeting of the new board, the following officers were elected:

F. RAYMOND PETERSON, chairman of the board; BENJAMIN P. RIAL, president and trust officer; JOHN T. DEIGHTON, first vice-president; ANDREW DE RITTER, executive vice-president; FRED LABAUGH, vice-president; CHARLES A. TSCHOPP, vice-president and cashier; JOHN R. GARRISON, HAROLD A. RAMSEY, and CONRAD C. LEGARE, vice-presidents; WILLIAM G. LIVESEY and STEPHEN D. GERMOND, assistant vice-presidents; EDWARD J. FEENEY, CHARLES G. MATHEWS, CHARLES J. NOLL, and FRED A. RIES, assistant cashiers; SULLIVAN S. DEFEO, comptroller; and ALBERT S. CURRIE, assistant trust officer.

F. RAYMOND PETERSON was formerly president and chairman of the board of The First National Bank. He is a past president of the National Bank Division of the American Bankers Association and is a member of the A.B.A.'s Economic Policy Commission.



The Newton (Mass.) Savings Bank welcomes former servicemen, establishing a 100 per cent record in the reemployment of service personnel. *L. to r., seated,* Assistant Treasurer Ralph S. E. Sanguinetti, President J. E. Perry, and Mayor Paul M. Goddard. *Standing,* Veterans George Arbuckle, Ferd Baxter, William Arbuckle, and Charles Furneaux

Bank Entertains Colombia President

Dr. MARIANO OSPINA PEREZ, president-elect of Colombia, was entertained at a luncheon recently by FRANK K. HOUSTON, chairman of the board, Chemical Bank & Trust Company, New York. The president-elect and a group of his associates were visiting the United States prior to returning to Colombia for the inauguration in August.

JOSEPH A. BOWER, vice-chairman of the executive committee; HAROLD H. HELM, first vice-president; ROBERT D. SCOTT; LEROY W. CAMPBELL; AMOS B. FOY; CHARLES E. RANCE; and PETER J. BRENNAN, all of Chemical, assisted Mr. HOUSTON as hosts to the visiting Colombians and the prominent group of American guests.

"A Jewel of an Account"

On July 10, 1896, a bank account was opened with the Green Point Savings Bank, Brooklyn, New York, with a deposit of $5. Each and every week



Executive committee of Robert Morris Associates—*l. to r., seated*, F. C. Schlundt, A. L. Moler, K. K. DuVall, E. E. Nelson, R. W. Duning; *standing*, R. L. Wyckoff, W. L. Rehfeld, Arthur Phelan, W. C. Wann, M. J. Drake, J. C. Bates, G. K. Morris, and W. L. Driscoll

thereafter a similar amount has been deposited, with never a week missed in 50 years. A check against the calendar (and remembering leap years) indicates that 2,611 deposits have been made, totaling more than half a century of saving. Of course, the depositor has from time to time withdrawn sums to meet emergencies or for the purchase of desired items and, mindful of the legal limit, has on occasion diverted a part of balance to other investment channels.

The depositor, a man born in Green Point more than 81 years ago, shares with the bank a feeling of pride in the evidence of what can be done by a saver who will keep before him the goal in mind when first the account is opened. As he expresses it:

"A little self-denial provides a lot of self-sufficiency."

THE

NATIONAL CITY BANK

OF CLEVELAND

Statement of Condition

JUNE 29, 1946

ASSETS

Cash and Due from Banks	$103,780,155.83
United States Government Obligations	255,936,934.73
Other Securities	13,595,294.17
Loans and Discounts	96,150,327.97
Investment in Banking Premises	1,665,370.00
Customers' Liability on Acceptances and Letters of Credit	755,906.69
Accrued Interest	1,023,655.04
Other Assets	216,165.75
	$473,123,810.18

LIABILITIES

Capital Stock (625,000 shares)	$ 10,000,000.00	
Surplus	10,000,000.00	
Undivided Profits	2,785,882.15	$ 22,785,882.15
Reserves		3,160,893.46
Acceptances and Letters of Credit		755,906.69
Accrued Interest and Expenses		1,229,028.81
Deferred Credits and Other Liabilities		458,288.51
Corporation, Individual and Bank Deposits	$290,330,782.92	
Savings Deposits	58,501,354.37	
Trust and Public Deposits	35,337,224.10	
U. S. Government War Loan Account	60,564,449.17	444,733,810.56
		$473,123,810.18
Contingent Liability on unused loan commitments	$ 14,182,239.74	

NOTE: United States Government obligations carried at $100,220,606.93 are pledged to secure trust and public deposits, U. S. Government War Loan account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Bank, Town, Paper Anniversary

The First National Bank of Lovell, Wyoming, recently celebrated a 40th anniversary simultaneously with the town itself, and the daily newspaper, *The Lovell Chronicle*. The anniversary issue of the newspaper reviewed colorful stories of the first edition on May 23, 1906, including a bank holdup conspiracy.

Two Mormon migrations from Salt Lake City were the beginning of permanent settlement in Lovell, around 1900. The Lovell State Bank (later made a national bank) was incorporated in May 1906 with Charles A. Welch as the first president. Mr. Welch also wrote a town history called, "History of the Big Horn Basin."

Rathje Receives Honorary Degree



FRANK C. RATHJE, president of the Chicago City Bank & Trust Company, and of the American Bankers Association, received the honorary degree of Doctor of Business Administration at the 1946 commencement exercises of Northwestern University at Evanston, Illinois.

The citation accompanying the degree described him as a "banker in Chicago for over 20 years who has demonstrated that an active business life in a neighborhood community provides background and opportunity to serve broad interests in civic and business affairs."

Mr. RATHJE was graduated from the law school of Northwestern in 1907.

Mortgage Bankers' Washington Staff

SAMUEL E. NEEL has been named Washington counsel for the Mortgage Bankers Association. This is the first time that the association has been represented in the capital with a permanent staff. Offices have been taken in the Chandler Building.

Mr. NEEL was with the Attorney General's office until 1940, when he was

loaned to the National Defense Advisory Commission. In 1941, he was named executive assistant to W. L. BATT, deputy WPB director. Early in 1942 he received a lieutenant's commission in the Navy, and was discharged from active duty in December 1945 with the rank of lieutenant commander. At the invitation of the Attorney General he returned to the Justice Department. From December to March 1946 he was on a special mission to Japan as adviser to General MacArthur on certain legal matters.

Bank Essay Contest

Continuing to work closely with the United States Army on its voluntary enlistment program, The American National Bank of Kalamazoo, Michigan, recently sponsored an essay contest on the subject, "Why you should join the New Regular Army NOW."

First prize was $25, second prize, $15 and third prize, $10, which the bank provided.

Residents of Kalamazoo, St. Joseph, Van Buren, and Allegan counties, the area served by the Kalamazoo Army installation, were eligible, regardless of age. Essays were limited to 300 words.

Judges were: LOY NORRIS, superintendent of schools, CHARLES M. GREENWAY, manager, Kalamazoo *Gazette*, and DUNLAP C. CLARK, president, The American National Bank of Kalamazoo.

Back From the War

EUGENE MACNABB, head teller at The First National Bank and Trust Company, Kearny, New Jersey, at the outbreak of the war, was recently named assistant cashier. Mr. MACNABB entered the Army as a private early in 1942 and was released as a captain in the Signal Corps in February 1946.

Two new officers, both veterans of World War II, were elected to the staff of The Union and New Haven Trust Company, Connecticut. SIDNEY W. NOYES, JR., formerly employed by Manufacturers Trust Company of New York for seven years, joined the bank in 1940 and entered the Army Air Corps in 1942. He has been made assistant treasurer. HENRY P. BRIGHTWELL, JR., who was made assistant secretary, joined the bank in 1940 and also entered the Army Air Corps in 1942.

The Chase National Bank of New York has designated SUBHI M. SADI, who served as a major in the United



The National City Bank of New York's art group poses after receiving from Instructor James Bradley the essentials in creating an artistic flower design. *L. to r., standing,* Ruby Hansen, Katherine Brower, Elizabeth Halliday, Daisy Sarafian, Viola Tietz, and Martina Frame; *seated,* Claire Harburger, Phyllis DePalo, Tania Novikoff, Mr. Bradley, and Helen Paone

Look Ahead With First National

1895 1st of Tulsa *1946*

STATEMENT OF CONDITION

June 30, 1946

RESOURCES

Cash and Due from Banks	$34,182,230.81	
U. S. Government Securities	72,464,799.07	$106,647,029.88
Other Bonds and Securities		8,790,500.55
Loans and Discounts		23,128,561.95
Federal Reserve Bank Stock		180,000.00
Income Earned, Not Collected		343,001.34
Bank Premises		766,074.60
Furniture and Fixtures		1.00
Customers' Liability Under Letters of Credit		49,186.00
		$139,904,355.32

LIABILITIES

Deposits: Individuals, Firms and Corporations	$88,611,832.53	
Banks	20,280,217.29	
U. S. War Loan Account	11,029,087.08	
Other Public Funds	11,991,441.57	$131,912,578.47
Income Collected, Not Earned		85,296.89
Taxes, Interest and Expense—Accrued		508,368.24
Letters of Credit Outstanding		49,186.00
Capital	$ 2,000,000.00	
Surplus	4,000,000.00	
Undivided Profits and Reserves	1,348,925.72	7,348,925.72
		$139,904,355.32

DIRECTORS

B. F. BARNETT, *Vice President*
W. M. BOVAIRD, *President, Bovaird Supply Company*
J. P. BYRD, JR., *Vice President and Assistant to the President*
F. L. DUNN, *Executive Vice President*
A. L. FARMER, *Real Estate*
H. N. GREIS, *President, Deep Rock Oil Corporation*
ELMER HALE, *President, Hale-Halsell Company*
JOHN D. MAYO, *President, Mayo Hotel Company*
R. OTIS MCCLINTOCK, *President*
F. B. PARRIOTT, *Chairman, Sunray Oil Corporation*
J. L. SHAKELY, *President, Jones & Laughlin Supply Company*
W. G. SKELLY, *President, Skelly Oil Company*
R. ELMO THOMPSON, *Vice President*
GARY V. VANDEVER, *Vice President, Vandever Dry Goods Company*
W. K. WARREN, *President, Warren Petroleum Corporation*

THE FIRST NATIONAL BANK AND TRUST COMPANY OF TULSA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

States Army during the war, as a representative of the bank in the Middle East, with his office in Cairo, Egypt. Mr. SADI is a native of Beirut, Lebanon, and prior to entering military service, was a partner in the firm of De Coppet & Doremus, 63 Wall Street, New York.

Security-First National Bank of Los Angeles recently elected five new assistant branch managers, and one assistant trust officer. EVERETTE W. DORITY, Lindsay; FLOYD KERR and CHARLES A. STUTZ, Culver City; EDWIN R. SNIDER, Adams and Grenshaw, Los Angeles; and LAWRENCE R. VAN NOORD, Melrose and Fairfax, Los Angeles, are the new assistant managers. Messrs. DORITY, KERR and SNIDER are returning servicemen who were elevated to official positions in the bank. Another returning serviceman, MITCHELL F. BLAIR, was reinstated as an assistant manager at the Pasadena branch.

CHARLES W. SMITH was elected an assistant trust officer.

ROBERT C. PALMER, World War II veteran and member of the credit department, Central National Bank of Cleveland, Ohio, has been named manager of the bank's new Shore Center Office, now under construction. Mr. PALMER has been a member of the bank staff for 12 years.

JAMES K. EBBERT of the Mellon National Bank and Trust Company, Pittsburgh, has been appointed assistant cashier. He served in the Army Air Corps from May 1942 to July 1945 when he was discharged with the rank of major.

RALPH L. THOMAS, assistant cashier, First National Bank of Pittsburgh, recently returned to his duties. He was discharged from the Army with the rank of lieutenant colonel.

OSMOND T. JAMERSON, until recently a colonel in the Army, assigned to the Military Intelligence Division of the War Department General Staff, has just been elected assistant vice-president of the National Bank of Commerce of Norfolk, Virginia.

K. E. WOLZ has been elected assistant cashier of the Chillicothe State Bank, Missouri, after five years in the Navy, having attained the grade of lieutenant commander. Mr. WOLZ was with the Trenton National Bank, Missouri, before entering the service.

Have You Heard?

PHILIP A. BENSON, president, The Dime Savings Bank of Brooklyn, N. Y., was named chairman of the special gifts division in the campaign to raise $15 million for New York University's section of the New York University-Bellevue Medical Center. Mr. BENSON is a member of the New York University Council and a past president of the American Bankers Association.

H. FREDERICK HAGEMANN, JR., chairman of the American Bankers Association's Committee on Treasury Savings Bonds and a member of the Association's Committee on Treasury War Borrowing, has resigned his post as vice-president of The Boatmen's National Bank, St. Louis, to accept the presi-

Benson



Mr. Hagemann





STATEMENT OF CONDITION

JUNE 29, 1946

RESOURCES

Cash and Due from Banks	$ 50,836,248.89
U. S. Government Bonds	108,202,799.00
Other Bonds and Securities	1,868,581.89
Loans and Discounts	58,304,635.34
Bank Buildings	498,156.00
Furniture and Fixtures	136,868.83
Other Real Estate Owned	62,010.62
Interest Earned, not Due	721,457.82
Other Resources	182,314.49
Total Resources	$220,813,072.88

LIABILITIES

Deposits	$211,063,348.47
Interest Collected, not Earned	502,400.20
Preferred Stock	700,000.00
Common Stock	3,000,000.00
Surplus	3,500,000.00
Undivided Profits	436,155.07
Reserves	1,611,169.14
Total Liabilities	$220,813,072.88



HOME OFFICE PHOENIX, ARIZONA

Largest of Arizona's Many Excellent Financial Institutions

VALLEY NATIONAL BANK

SAFFORD HAYDEN CLIFTON AJO PHOENIX TUCSON CASA GRANDE GLOBE KINGMAN
PRESCOTT MORENCI WICKENBURG MESA LITCHFIELD PARK DOUGLAS
MIAMI GLENDALE SUPERIOR COOLIDGE NOGALES WILLCOX CHANDLER

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

dency of the National Rockland Bank of Boston, Massachusetts.

In the first War Loan drive Mr. HAGEMANN was chairman for metropolitan St. Louis. For two years he has been chairman of the Taxation Committee of the Missouri Bankers Association; he is a member of the board of governors of the Investment Bankers Association, and is chairman of its Committee on Municipal Securities.

HSIAO TSONG SHIH, supervisor of the Farmers Bank of China with offices in Nanking, visited the Altus, Oklahoma, government cotton classing office in connection with his study of agricultural extension methods in the United States. He is one of a group of 21 Chinese sent to the U. S. A., by the Chinese government, to study agricultural methods.

FRED F. FLORENCE, president, Republic National Bank of Dallas, has accepted the chairmanship for Texas of the Committee on International Economic Policy, which cooperates with the Carnegie Endowment for International Peace. He also has accepted the chairmanship for Texas of the National Americanism Endowment Fund Campaign, which is seeking $15,000,000, which will be used to endow chairs in Americanism in leading universities and to sponsor Americanism in smaller colleges and high schools.

EDMUND F. EBERT and EDGAR C. EARLE have been elected assistant vice-presidents of the Bankers Trust Company and EDGERTON P. T. JENNISON and HARRY F. TAPPEN, assistant treasurers.

J. MILTON CARTMELL has been advanced from comptroller to assistant vice-president of The Bank for Savings in New York.

Bank of the Manhattan Company, New York, has announced the following changes in its executive staff: ELLIS WESTON, vice-president, formerly in charge of the Jamaica branch, has been appointed to head an enlarged business extension department, to be assisted by M. ARTHUR CAVALLO, formerly assistant treasurer, who has been elected assistant vice-president; WILLIAM J. DOLAN, assistant vice-president, has also been appointed to the business extension department; LESTER R. MAHONEY, now a vice-president at the main office, has been appointed vice-president in charge of Jamaica office and DONALD D. KITTELL, formerly assistant manager, as assistant treasurer and manager of that office; JOHN J. ROSS, formerly manager at the Rockaway Beach office, succeeds Mr. DOLAN as manager of the Far Rockaway office; MORRIS ENGELSBERG, now assistant manager at the Richmond Hill office, has been appointed manager of the Rockaway Beach office.

Mr. Cartmell



Mr. Mahoney



JOHN M. LYONS has been appointed assistant treasurer of the Bank of Manhattan Company, New York. He will represent the bank in the Central Atlantic states.

JAMES P. KENNEDY, vice-president and manager of the Bank of America in Pasadena, has been elected president of the Pasadena Chamber of Commerce and Civic Association.

JAMES SHELTON, vice-president of the Security-First National Bank of Los

THE FORT WORTH NATIONAL BANK
FORT WORTH, TEXAS

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STATEMENT OF CONDITION AT CLOSE OF BUSINESS
JUNE 29, 1946

★

RESOURCES

CASH AND DUE FROM BANKS		$ 58,201,893.02
UNITED STATES GOVERNMENT SECURITIES		71,595,984.26
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS		3,288,467.42
OTHER BONDS, NOTES, AND DEBENTURES		1,374,919.04
STOCK FEDERAL RESERVE BANK		210,000.00
LOANS AND DISCOUNTS		42,334,823.99
INCOME EARNED—UNCOLLECTED		270,203.65
BANKING HOUSE	$ 1,312,500.00	
FURNITURE AND FIXTURES	1.00	1,312,501.00
OTHER REAL ESTATE		1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT		52,099.80
OTHER RESOURCES		44,185.68
TOTAL		$178,685,078.86

LIABILITIES

DEPOSITS:		
INDIVIDUAL	$105,696,141.38	
BANK	44,079,736.65	
U. S. GOVERNMENT	14,399,490.11	
OTHER PUBLIC FUNDS	5,373,217.94	$169,548,586.08
LETTERS OF CREDIT ISSUED		52,099.80
INCOME COLLECTED—UNEARNED		98,270.61
RESERVE—TAXES, INTEREST AND EXPENSE		465,426.13
RESERVE—AMORTIZATION OF BOND PREMIUMS		410,921.25
OTHER LIABILITIES		23.52
CAPITAL ACCOUNT:		
COMMON STOCK	$ 3,500,000.00	
SURPLUS	3,500,000.00	
UNDIVIDED PROFITS	359,751.47	
GENERAL RESERVE	750,000.00	8,109,751.47
TOTAL		$178,685,078.86

U. S. Government and other securities carried at $24,757,124.69 in the above statement are deposited to secure public funds and other purposes required or permitted by law

Angeles and president of the Los Angeles Chamber of Commerce, was in charge of installation ceremony for Mr. KENNEDY.

GEORGE H. TREIDE, vice-president and director of the Citizens National Trust & Savings Bank of Los Angeles, recently observed his 40th anniversary with the bank.

Colonel HAROLD LEE was recently appointed governor of the Federal Home Loan Bank System.

LOUIS SCHRIBER, president, First National Bank, Oshkosh, Wisconsin, was extended a dinner recently by the directors and employees of the bank commemorating his half-century of service with the bank. He started with the bank in 1896 as a messenger.

L. B. HERRING of Jackson, Mississippi, has been appointed as oil and gas division manager of the Second National Bank of Houston, Texas.

Officers elected at the first postwar meeting of the Bankers Monthly Club, a fun-and-fellowship group of bankers in the first banking district of Texas, include: *President*, E. L. (JACK) BOSTON, president, First National Bank of Angleton; *first vice-president*, ALLEN H. KEEFER, president, Guaranty Bond State Bank of Tomball; *second vice-president*, MAT F. REED, executive vice-president, Pasadena State Bank; *secretary-treasurer*, T. J. (Tom) O'BRIEN, vice-president, Second National Bank of Houston.

Hosts at a barbecue in Galveston County Park, League City, during which the club's reorganization took place, were: WALTER HALL, president, Citizen's State Bank of Dickinson; J. W. BUTLER, president, Texas City National Bank; and CLAUDE TRUETT, president, First State Bank of Texas City. R. V. MOISE, vice-president, Second National Bank of Houston, a past president of the club, presided at the business sessions at which the new officers were elected.

WILLIAM H. RUMPF, assistant cashier of the Old National Bank, Evansville, Indiana, was honored at the spring party of the bank's social club and presented with an engraved gold watch by ROBERT D. MATHIAS, president, in recognition of his 50 years' service with the bank.

JOHN E. WRIGHT, manager of the department of new business and advertising, Fidelity Trust Company, Pittsburgh, Pennsylvania, retired on June 1, after 25 years of service.

ROBERT E. DORTON, assistant vice-president, Bank of America, has been appointed to head the institution's international banking department in Los Angeles, in succession to G. RIEDLIN. Mr. DORTON joined Bank of America in 1923. The bank also announced the appointment of ROBERT S. FULLER, assistant vice-president, to head the bank's Los Angeles headquarters real estate appraisal department. New branch managers in Southern California include STUART L. COURTICE, Santa Paula, and EDWARD E. NELSON, Manhattan Beach.

ARTHUR S. KLEEMAN, president, Colonial Trust Company, New York City, was elected president of the Ecuadorian-American Association, Inc. FREDERICK HASLER, chairman of the board, Continental Bank & Trust Co., was named a director.

CLARENCE B. MUNSHOWER, manager, 60th Street office, Corn Exchange National Bank and Trust Company, Philadelphia, was honored at a testimonial dinner and presented with a gold watch in recognition of over 30 years of service in promoting the growth and prosperity of an important section of Philadelphia. He is soon to retire.

1st NATIONAL

STATEMENT OF CONDITION

At the close of business June 29, 1946

ASSETS

Cash on Hand and Due from Banks	$103,128,904.07
Loans and Discounts	117,287,944.61
United States Securities Owned	102,834,266.13
Stock in Federal Reserve Bank	450,000.00
Other Stocks and Bonds	1,926,695.34
Banking House	2,065,000.00
Furniture and Fixtures	231,204.61
Other Assets	19,517.58
	$327,943,532.34

LIABILITIES

Capital Stock		$ 7,500,000.00
Surplus Fund		7,500,000.00
Undivided Profits, Net		5,100,114.03
Reserved for Taxes, Etc.		1,589,962.15
DEPOSITS:		
Individual	$175,296,730.22	
Banks and Bankers	93,239,691.48	
U. S. Government	37,717,034.46	
		306,253,456.16
		$327,943,532.34

First National Bank in Dallas MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

The Republic National Bank of Dallas, Texas, has elected JOHN K. CAMPBELL, vice-president; ROBERT E. MORGAN, E. LEON ROGERS, assistant cashiers, and A. J. MASON, assistant trust officer.

RUDOLPH OSTENGAARD, assistant controller of the California Bank of Los Angeles, has been elected to membership in Controllers Institute of America.

The following promotions are announced by the Huntington National Bank of Columbus, Ohio: E. R. BROWN, formerly cashier, was elected a vice-president; P. W. HUNTINGTON, elected vice-president in charge of building operation; W. REX DAVIS, assistant vice-president; PHILIP HAMPTON, vice-president; C. E. FULTZ, cashier; STANLEY T. SMITH and H. O. BARR assistant cashiers; JOHN L. BARNES, trust officer; CARMEN E. WILLITS and JOHN M. DUNNICK, assistant trust officers.

The Downtown Athletic Club, New York City, at its nineteenth annual meeting, reelected WILFRED WOTTRICH, vice-president of Manufacturers Trust Company, as its president for a third term.

FRED A. CUSCADEN, vice-president of The Northern Trust Company, Chicago, retired on July 1 under the bank's pension plan, after 26 years of service with the institution. He is a past president of the Bankers Club of Chicago and the Chicago Clearing House Association and was active in the American Bankers Association.

GEORGE D. JORGENSEN has been promoted from assistant vice-president to vice-president of the Iowa-Des Moines National Bank & Trust Company.

The Federal Reserve Bank of St. Louis, has elected WILLIAM H. STEAD vice-president after an absence of about a year and a half during which time he was director of the Institute of Research and Training in the Social Sciences and chairman of the Department of Economics and Business Administration at Vanderbilt University in Nashville, Tennessee.

New president of the Dallas chapter of the American Institute of Banking is J. H. WARNER, assistant trust officer of the Republic National Bank of Dallas, Texas. NELL O'CONNELL of the Hillcrest State Bank was elected vice-president, OLETA RICHARDS of the Liberty State Bank, secretary, H. C. MAIDEN of the First National Bank, treasurer.



Mr. Campbell



Mr. Morgan



Mr. Rogers



Mr. Mason

ARCHIBALD DEB. JOHNSON, formerly assistant vice-president, has been elected vice-president, and CHARLES H. HOEFLICH, assistant cashier of the Philadelphia National Bank.

Corn Exchange National Bank and Trust Company, Philadelphia, has announced six promotions: RICHARD A. DELANEY to vice-president; CHARLES B. BROWN to assistant vice-president; and EDWIN H. KRALL, KERMIT L. BENFER, J. RANDALL CUSWORTH, and JAMES O. WHITALL, to assistant cashiers.

R. H. WILHITE has been elected cashier of the Chillicothe State Bank, Missouri, to replace A. E. HOOVER who resigned recently. Mrs. RAY PATTERSON was elected assistant cashier.

GEORGIA—
THE FIRST STATE IN THE UNION
to mine gold commercially!

Georgia was mining gold on a large scale 20 years before the yellow metal was discovered in California. Now industries can still find abundant "gold" in our peaches, peanuts and pecans; our cotton, cane and kaolin; our mica, marble and manganese.

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Prospectus on request from Principal Underwriter

INVESTORS SYNDICATE

R. E. Macgregor, *President*
Minneapolis, Minnesota

REPRESENTATIVES IN THE PRINCIPAL CITIES OF THE UNITED STATES

An Investment Strait-jacket

(CONTINUED FROM PAGE 38)

liquid short-term government obligations. Furthermore, many banks whose ratio of capital to deposits has decreased materially during the last few years are keenly aware of the necessity of maintaining a considerable percentage of their earning assets in what are commonly termed riskless assets such as certificates. It is, therefore, highly doubtful whether many banks would reduce their short-term obligations in order to acquire medium- and long-term assets.

(2) The Government's policy of utilizing the war loan account for the purpose of redeeming outstanding obligations held primarily by the commercial and Reserve banks has already resulted in a decline in the volume of certificates held by the latter. Since the Treasury will continue with this policy, a further reduction in certificate holdings of the commercial banks will take place.

Furthermore, as the Board itself stated, one of the most important measures needed to fight the forces of inflation is to balance the budget. If the latter is not balanced during the so-called catch-up period, when business activity is bound to be on a very high level, one may doubt whether it ever will be. Once the budget is in balance, however, the Treasury can utilize the trust funds for the purpose of retiring short-term obligations held primarily by the banks. Once the Treasury has a surplus it could be used for the same purpose.

In addition, since it is the policy of the Treasury and of the Reserve Board to offer government securities with certain restrictions in the future to ultimate investors such as insurance companies, the proceeds of these loans, too, could be used to retire short-term maturing obligations. Once the volume of short-term government obligations now held has been reduced by the banks by about $8 billion to $10 billion, it is highly doubtful whether the banks will continue to sell certificates. In all probability they will retain the remainder as a secondary reserve in order to maintain a fair degree of liquidity. In the future, however, when the Treasury offers new securities to ultimate investors such as insurance companies, savings banks, trust funds and others, restrictions ought to be imposed on the latter to prevent them from selling their bank eligible securities, the proceeds of which could be used for the purpose of buying newly offered government obligations.

Conclusion: The argument of the Reserve Board, that the volume of deposits is too large, that too large a portion of the public debt has been monetized and that a further increase in the volume of deposits through acquisition of additional government securities by the commercial banks, is sound. The assumption of the Board that the banks will sell certificates and acquire medium- and long-term government obligations is not warranted.

The inevitable conclusion is that such drastic measures are neither necessary nor warranted. Once the budget of the Federal Government is balanced, the Treasury will be in a position to retire maturing obligations held primarily by the commercial and Reserve banks. In addition the Treasury could offer non-marketable securities to ultimate investors and utilize the proceeds to reduce further the volume of certificates and other short-term maturing obligations now held by the commercial banks. Once the amount of short-term government obligations has been drastically reduced, the banks themselves, particularly the large ones, will not be inclined to sell any more since they will need them to maintain their liquidity. Under these circumstances there is no need to put the recommendations of the Board into effect which would put the commercial banks in a strait-jacket.



"I don't care what you're selling, but if you can promise delivery I'll take six"

Bank Robberies and Holdups Increase

WARNINGS that bank robberies and holdups are on the increase are being given to the banks by the American Bankers Association's Insurance and Protective Committee and by the state and national supervisory agencies.

"The passing of 1945 marked 12 years of extremely favorable experience, with loss ratios running sweet and low —so low in fact that it seems too much to expect the curve to turn further downward," said Frederick B. Post, chairman of the Insurance and Protective Committee, in a recent report to the membership.

"Although bank robberies increased during the past year, crimes of violence generally have increased sharply since V-E Day and some of the thugs and gunmen responsible for this new uprising may be expected to graduate into bank bandits," Mr. Post said.

During the six-month period ending February 28, 11 burglaries involving losses of $19,380 and 22 holdups with losses of $91,121 were reported, he said. This compared with six burglaries and 16 holdups involving losses of $4,406 and $40,887, respectively, last year.

"Losses for the current period would have been augmented by more than $46,000 but for the arrests and recoveries effected in connection with 12 of the 33 cases reported," said Mr. Post.

IN a recent letter to Ohio banks, Superintendent of Banks H. E. Cook issued this warning:

"Reports coming to us indicate that the number of bank holdups and robberies is on the increase.

"Business activity has required banks to keep on hand greater amounts of cash than previously carried. Our examinations reveal that many of our banks have not increased their insurance protection to cover the large amounts of cash held in the banks and exposed during business hours. This applies likewise to securities.

"Exposed cash should be kept at a minimum and securities in safe custody, thereby lessening the potential loss occasioned by holdups and robberies.

"For their own protection, we ask that all banks review their insurance coverage and compare that coverage with the amounts recommended as the minimum in the American Bankers Association insurance schedule. . . . We ask that all banks which do not carry adequate insurance coverage arrange immediately to have ample protection to cover in event of loss."

Several recent issues of the Association's *Protective Bulletin* have carried articles dealing with robbery and holdup protective measures. "Messengers and Their Funds Soon Parted" is the title of an article in the April *Bulletin*, from which we quote:

"The messenger protective bag mentioned in the November-December 1945 issue of the *Bulletin* also should be considered by banks as added equipment for their messengers. This is an armored automatic alarm device approved by the Underwriters' Laboratories for use in transporting money or securities. In the event the bag is snatched from its carrier, the mechanism inside automatically locks the bag, produces a series of detonations to attract attention, and emits a quantity of tracer smoke."

It will be some time before everyone drives an airplane because you have the problem of both upkeep and keep-up.

When you look at stock prices in Wall Street, you wonder how long it will be now before the lambs become mere chops.

CONDENSED STATEMENT OF CONDITION

AT CLOSE OF BUSINESS JUNE 29, 1946

DIRECTORS

SAMUEL K. RINDGE
Chairman of the Board
HERBERT D. IVEY
President
MILO W. BEKINS
W. J. BOYLE, JR.
WALTER H. BUTLER
RALPH J. CHANDLER
EUGENE P. CLARK
DWIGHT L. CLARKE
T. B. COSGROVE
A. M. DUNN
ERNEST E. DUQUE
GEORGE W. HALL
ROBERT E. HUNTER
WILLIAM A. INNES
L. O. IVEY
ROBERT W. KENNY
WILLIAM S. ROSECRANS
W. A. SIMPSON
J. HARTLEY TAYLOR
DONALD W. THORNBURGH
E. C. WILSON

RESOURCES

Cash and Due from Banks	$ 71,395,845.37
United States Government Securities	235,814,357.09
State, County and Municipal Bonds	225,066.69
Other Bonds	5,004.00
Loans and Discounts	48,406,570.90
Federal Reserve Bank Stock	300,000.00
Stock in Commercial Fireproof Building Co.—Head Office Building	348,500.00
Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults (Including Branches)	988,174.92
Other Real Estate Owned, Carried at	1.00
Customers' Liability under Letters of Credit and Acceptances	1,502,899.08
Earned Interest Receivable	727,692.34
Other Resources	454,123.11
TOTAL	$360,168,234.50

LIABILITIES

Capital Stock	$5,000,000.00	
Surplus	5,000,000.00	
Undivided Profits	2,758,165.72	$ 12,758,165.72
Reserves for Interest, Taxes, Contingencies, Etc.		2,100,521.50
Discount Collected — Unearned		106,507.01
Letters of Credit and Liability as Acceptor or Endorser on Acceptances and Foreign Bills		1,646,344.08
Other Liabilities		111,969.43
Deposits		343,444,726.76
TOTAL		$360,168,234.50

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THE CONSUMER CREDIT DIGEST

Idea Exchange

(CONTINUED FROM PAGE 42)

sequence, progressing from direct loans to more specialized types of sales financing and specialty credits.

Further time credit bulletins followed, including an exhaustive market analysis of Wisconsin with a state map showing the estimated 1941 volume of consumer credit in each county, and the estimated volume of sales financing of consumer durable goods that will be created when full production is reached. Figures available from the State Banking Commission and the 1939 Retail Trade Census, issued by the Department of Commerce, were used as a basis for this analysis.

The First Wisconsin scheduled a series of advertisements on its time-credit plan in the *Western Builder*, a regional publication, to reach builders, contractors, construction engineers and highway engineers in the Milwaukee area. The advertisements were slanted to channel local business to the bank's correspondents whenever it was within their lending capacity. Reprints were mailed to the correspondents.

IN JANUARY 1946 the bank arranged a general meeting of officers of all interested correspondent banks, to discuss consumer credit and problems which could not be covered adequately in periodic bulletins. The meeting was arranged to coincide with the Wisconsin Bankers Association midwinter meeting. The turnout was enthusiastic. Subjects discussed were: Automobile and appliance financing through dealers, advertising, sales promotion, and an FHA Title I loan plan for statewide pooling of insurance.

Also in early 1946 the First Wisconsin prepared a brochure entitled "Financing Instalment Sales in Wisconsin" describing its time credit plan, with emphasis on the statewide coverage afforded through the bank, its branches, and its correspondents. The brochure was mailed, with appropriate letters, to all the correspondents, and to Wisconsin manufacturers, distributors, and 8,000 dealers in automobiles, appliances, and modernization equipment.

One bulletin covered direct instalment financing of automobile purchases, with a summary of the bank's policies and an outline of its procedures. Samples of all the forms used by the First



"As long as I'm here, where's your auto loan department?"

Wisconsin in its own automobile financing were enclosed, together with a copy of the "Direct Automobile Financing" brochure, explaining credit requirements and operating procedure, which was prepared by the Consumer Credit Department of the American Bankers Association.

Another brochure prepared by the Consumer Credit Committee, "Home Appliance Financing," was also mailed to the correspondent banks.

SAMPLE forms used in the bank's time credit-plan and various rate cards, with permission to adapt them to the use of the correspondent, were sent to the banks at various times. Arrangements were made with First Wisconsin's printers to supply forms on request from the banks.

While this service was designed primarily to assist correspondent banks in the field of instalment credit, the First Wisconsin National Bank is already reaping dividends through participation in loans for the financing of various types of productive equipment and machinery on which the outstanding balance is too large for the local bank to handle under its legal lending limits.

The danger in driving a car is that some other motorist may be as reckless as you are.

An aggressive employee is not only on his toes but often on those of his superiors as well.

The Trend

(CONTINUED FROM PAGE 43)

in the hands of a small percentage of the population, this too affects the rate of consumer borrowing. The lagging production of durable consumer goods is probably the major influence in the present moderate rate of increase. Whatever the reasons, borrowing by consumers can hardly be considered as an important inflationary factor.

OF COURSE, under present conditions any increase of funds into the hands of consumers, whether directly through wage and salary payments, or indirectly through governmental deficits or loans to finance production or speculation has an "inflationary" effect. But in evaluating the various kinds of credit in terms of their economic significance, it would be wrong to tar all with the same brush. Loans which finance the production of goods and carry them through the channels of distribution into the hands of consumers are quite different in their effect from loans the proceeds of which are used to accumulate inventories to hold them from the market in a speculative anticipation of price rises. It is the latter type of credit which is dangerous at the present time, and not the former.

CONSUMER loans, like loans for production, facilitate the economic process and make possible the completion of the cycle of production, distribution, and consumption. Not until the evidence is in that consumers are borrowing to accumulate and hoard goods, or to finance sprees of intemperate buying need there be too much concern about the inflationary effects of consumer credit.

If we turn our attention to the longer period, 1947 and beyond, a period paralleling 1923–29, the issue of consumer credit and its effects on the course of economic developments takes another turn. Some economists maintain that the upsurge in consumer credit by contributing to a high level of effective demand was responsible to an appreciable degree for the failure of prices in the 20's to reflect the economies of technical development. This helped to maintain an uneconomic spread between selling prices and cost prices, thus encouraging unwise speculative expansion. When the break came in 1929, the repayments

on outstanding consumer credit accounts decreased the ability of consumers to maintain their spending out of current income. In short, consumer credit was, it is argued, inflationary on the upswing and deflationary on the downswing, thus tending to accentuate the swing of the cycle.

This argument implies that if there had been less consumer credit in the 20's prices would have reached a sounder level. But there also might have been a much longer period of business stagnation and unemployment. How does it apply to the period ahead? It is true that if consumer credit does not expand, less durable goods than otherwise will be sold. But will this lead to healthier price movements and greater economic stability? Unsold goods lead to lower prices only through the sequence of curtailment of production, increased unemployment, increased competition for jobs, lower wage rates. It is hardly likely that this sequence will be allowed to operate.

Rather, such a development will bring government intervention in the form of deficit financing. The political climate today, the power of organized labor, governmental protection of politically important prices, the fiscal policies of government, the extent of competition or monopoly, technical advances are some of the more important factors determining the long run course of economic activity. Consumer credit in its effect on the level of consumer demand will have an influence but it will hardly be a strategic factor.

New A.I.B. Committee Chairmen

Appointments to seven national committees of the American Institute of Banking have been announced by President George J. Greenwood, Jr.

Mr. Greenwood, assistant manager of The Bank of California National Association, Portland, Oregon, disclosed that two new committees have been created.

The former Debate and Public Speaking Committee is now divided into two separate committees; also, the former Membership and Publicity Committee becomes the Membership and Enrolment Committee; and a separate Publicity Committee has been formed.

The committee chairmen are:

Debate, E. Francois DeVos, Federal Reserve Bank of St. Louis; Forum and Seminar, J. H. Duerk, Howard Savings Institution, Newark, New Jersey; Membership and Enrolment, C. E. Berryman, The Marine Trust Company of Buffalo, New York; Publicity, Kathryn O'Connor, Putnam & Company, Hartford, Connecticut; Public Relations, D. C. Amanino, American Trust Company, San Francisco; Public Speaking, Roland Bratton, Forth Worth National Bank; Women's Committee, Alice I. Jones, Third National Bank and Trust Company, Scranton, Pennsylvania.

Executive Council committee heads are:

Budget, David T. Scott, First National Bank of Boston; Educational Advisory, H. E. Widenhofer, Fort Wayne (Indiana) National Bank; Nominating, E. C. Boyer, National Bank of Commerce in New Orleans; Chapter Administration, H. W. Martie, Farmers Deposit National Bank, Pittsburgh; Program, G. A. Carter, Fulton National Bank, Atlanta; Transportation, H. R. Chamberlain, Union Trust Company of Rochester, New York.

Navy Secretary Forrestal leaving the Bank of Guam after a recent visit



U. S. NAVY PHOTO



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Federal Income Taxes — Real and Personal Property Acquired by Banks in Lieu of Debts as Capital Assets:

SINCE the Tax Court and Commissioner of Internal Revenue are now in agreement, it seems settled that real estate acquired by banks upon foreclosure of mortgages, and personal property held by banks as collateral and acquired by them in satisfaction of loans, are capital assets and the gain or loss derived from the sale thereof are capital gains or losses under the provisions of the Internal Revenue Code.

It is to be noted that decisions of the Tax Court are subject to review by the Circuit Court of Appeals, which decisions may be reviewed by the United States Supreme Court. However, in the case referred to below, no appeal will be taken because the taxpayer won and the Commissioner has acquiesced; also the time within which appeals may be taken has expired. There is reason to believe that the higher courts will follow the Tax Court if some future case should be appealed, because the Supreme Court has recognized that the judges of the Tax Court are tax specialists and that their decisions should not be disturbed except for most cogent reasons.

On October 31, 1944, the Tax Court in The Kanawha Valley Bank v. Commissioner (4 T.C. 252) held that it was unreasonable to conclude that the taxpayer, forbidden by state law from carrying on a real estate business, was engaged in such business when selling three parcels of real estate acquired by it on foreclosures of mortgages given to secure loans, and that such real estate should be considered capital assets for federal income tax purposes. It also held that stocks formerly held as collateral for a loan and taken over by the bank should be treated as capital assets for federal income tax purposes.

Prior to the decision in the Kanawha Valley Bank case, the general counsel for the Bureau of Internal Revenue had held that a bank, mortgage finance company, or building and loan association, which acquired property upon mortgage foreclosure was holding such property "primarily for sale to customers in the ordinary course of * * * trade or business" and that a gain or loss derived from a sale thereof should be treated as an ordinary gain or loss for federal income tax purposes. (G.C.M. 21497, C.B. 1939—2, p. 187.) A similar ruling as to personal property acquired in lieu of a debt was issued in 1943. (I.T. 3600, C.B. 1943, p. 369.)

The Commissioner failed to acquiesce in the decision of the Tax Court in the Kanawha Valley Bank case until May 1946. (I.R.B. 1946—10, 1.) In June of this year, the general counsel for the Bureau of Internal Revenue issued G.C.M. 24910 (I.R.B. 1946—11, 6) in which he held that upon reconsideration of G.C.M. 21497, that ruling was revoked as being in conflict with the decision of the Tax Court in the Kanawha Valley Bank case, acquiesced in by the Commissioner. He also recommended that I.T. 3600 be revoked.

During the interim between the decision of the Kanawha Valley Bank case and the revocation of G.C.M. 21497, banks should have filed two federal income tax returns. Since in some instances it would have been to the benefit of the bank to have followed the ruling of the Commissioner and in other instances to have followed the Tax Court decision, some banks will no doubt be faced with the problem of whether deficiency taxes will be assessed or claims for refund will be in order. It is not known at this time whether the revocation of G.C.M. 21497 will be applied retroactively or prospectively. It is the practice of the Commissioner sometimes to announce that returns which are prepared in accordance with rulings that are subsequently revoked will be allowed to stand. The Commissioner so far has made no such announcement in this instance, but there is a possibility that he may still do so, in which event no deficiency assessments will result from a bank following the Commissioner's ruling. Certain language in G.C.M. 24910, however, seems to imply that the revocation of G.C.M. 21497 is to be applied only prospectively. In any event, banks that are entitled to refunds by virtue of following the ruling of the Tax Court in filing income tax returns during the interim between the decision in the Kanawha Valley Bank case and the revocation of G.C.M. 21497 may recover by appealing to the Tax Court, if necessary.

It is pointed out that the determination of the status of real estate acquired in lieu of a debt as capital assets and the strong probability that personal property acquired in the same manner will be placed in the same category by the revocation of I.T. 3600 will be significant to banks in determining when sales of such property should be made in the future.

Surtax on Improperly Accumulated Corporate Earnings — Applicability of Code Provisions to Banks:

THIS question involves no new statutes or decisions but banks have recently evidenced an interest therein.

Section 102 of the Internal Revenue Code imposes a surtax on the net income *of every corporation* other than a personal holding company, if such corporation is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders or the shareholders of any other corporation, through the medium of permitting earnings or profits to accumulate instead of being divided or distributed. It is provided in this section that "the fact that the earnings or profits of a corporation are permitted to accumulate beyond the reasonable needs of the business shall be determinative of the purpose to avoid surtax upon shareholders unless the corporation *by the clear preponderance of the evidence* shall prove to the contrary." (Italics supplied.)

Banks have never been expressly exempted from this section and the section by specific provision applies to "every corporation other than a personal holding company." A bank cannot be exempt from this section as a personal holding company since banks are expressly excluded from the definition of "a personal holding company" in section 501(b) of the Internal Revenue Code. However, there appear to be no cases either in the federal courts or in the Board of Tax Appeals (Tax Court) in which this section has been applied to a bank.

Although it seems clear that if the Internal Revenue Bureau seeks to apply this section to a bank the burden of proof rests upon the bank to show its inapplicability, it is believed that the Commissioner of Internal Revenue will give full recognition to the suggestions of the banking supervisory authorities for increasing the capital structures of banks and that accumulations of earnings added to surplus for this purpose will not be considered as subjecting the banks to the provisions of section 102.

Federal Tax Lien Applies to After-Acquired Property of Taxpayer:

LAST October the Supreme Court of the United States decided this question. In that case the Government's lien for unpaid taxes for prior years became effective in 1935. In 1941 the bank obtained and served an attachment execution on a judgment for a loan to the taxpayer made in anticipation of his receiving fees as a court receiver. The bank contended that the statutory lien did not attach to these fees because the claim therefor did not exist at the time the lien arose. The Supreme Court held, however, that the Government's statutory lien for taxes "applies to property owned by the delinquent at any time during the life of the lien." This decision was in accord with decisions of lower courts. (Glass City Bank of Jeanette, Pa. v. United States (1945) 66 S. Ct. 108.)

Ignorance of the law is no excuse. All a man needs to know is 5,000,000 acts on the federal and state statute books.

You have to give the telephone companies credit. They provide about the only places where you can still use a nickel.

Give the American business man a break and he will bring orders out of chaos in any part of the world.

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JAMES KELLY

Third & Broadway, DAYTON, OHIO

Reference:
Winters National Bank, Dayton, Ohio

Do Your Directors Read BANKING?

Washington

(CONTINUED FROM PAGE 31)

Pullman-Standard Company; Paul G. Hoffman, Studebaker Corporation; Fowler McCormick, International Harvester, and Irving S. Olds, United States Steel Corporation.

Balanced somewhat in the world trade picture are the beginning efforts of the International Bank for Reconstruction and Reconversion, which has called upon all participating nations to send in a percentage of their capital pledges. The International Monetary Fund has told member nations to declare the value of their currency either in relation to the American dollar or in terms of gold. This is preliminary to agreement, yet to be reached, designed to eliminate fluctuating currencies which constitute the bane of world trade.

The Export-Import Bank hopes to get from Congress an additional amount of capital for lending abroad, as its directors admit that it has about exhausted its initial fund in loans to war-stricken countries. Much of the money which the Export-Import Bank has already loaned is awaiting the production of American goods, largely machinery and heavy durables, although consumer goods, too, in large quantity, are eagerly sought.

Unanswered in this development of world rehabilitation is the effect on the American price scale for these same goods. High government officials are hopeful that through export licenses and extension of wartime controls, the pressure of foreign buying can be held to not more than a third of the productive capacity of American factories, farms and manufacturers. The National Advisory Council, now headed by Secretary Snyder, admittedly has a tight economic rope to walk.

Campaigns at Home In the more dramatic field of domestic developments are the offensive and defensive campaigns. Most of these concern Congress, whose members, individually and collectively, yearn for their home towns, far removed from the probing of inquiring newsmen and investigating committees, presidential vetoes and the lobbying of special interests.

These latter include not only trade, but also labor leaders, veterans' groups and the strangely named and newly created organizations of voters. The range of their demands is far greater than in prewar days. Affairs in Palestine, Spain, and Argentina now vie with domestic racial problems. Hunger and famine abroad compete with plans for a scientific foundation, and the use of atomic energy in industry. Another war is still talked about, while still feared.

Assorted Headlines While Senator Mead of New York was holding hearings on war profits, with sensational headlines, there was an investigation of the authority exercised by the Federal Home Loan Bank Administration. It did not achieve the same news prominence but there was drama and suspense in the sworn testimony of the seizure by government officials of a California savings and loan association and the shift of offices and officials of a Federal Home Loan Bank.

Annoyance and irritation over this and other activities relating to government bureaucracy caused the House to turn down the President's plan for merging agencies. There remains the fear that private financing of homes through government-supervised thrift accounts will be dominated by officials chiefly interested in large public housing projects.

Government Lending A determined majority in Congress resolved to take the federal agencies out of private business, including the lending of public funds. Even the Reconstruction Finance Corporation, once the favorite of all bureaus, found persistent critics.

However, Secretary of Commerce Henry A. Wallace, has continued to maintain that small business needs more easy credit from government. A division of the Commerce Department has issued statements which include not only promotion for a government guarantee of 90 per cent loans to small business, but the offer of free services to help the small lender secure RFC funds.

Consumer Credit The Federal Reserve Board has said little about its once well-promoted bill to guarantee capital loans through the Reserve banks. Instead, the Board has talked of sharper restrictions on consumer credit while at the same time lifting the ceilings on instalment buying of articles above $1,500. There is constant grumbling over the Reserve Board's Regulation W which concerns consumer credit. A very vocal segment of the retail trade has found willing members of Congress to protest against this regulation. It is claimed that veterans are at a disadvantage in their eagerness to buy needed goods for their homes while those with cash and good credit are favored.

Farm lending has also been encouraged. While Congress has moved to preserve many of the depression born devices to lend to needy farmers out of government-subsidized funds, the Farm Security Administration has announced that it will make a record number of loans this fiscal year. Congress has appropriated for this purpose a larger fund than in previous years—$121,527,000. Out of this it is expected that there will be made more than 23,000 new loans and 100,000 additional loans to present borrowers. Out of the total appropriation $25 million has been earmarked for veterans anxious to engage in farming.

An Election's Coming Up Political signs hang over all predictions regarding Congress when it returns after its adjournment. There are some who believe that it will return immediately after the November elections, for the cleaning up of left-over business. Others hold that it will indulge in serious work. Much depends on the results of these elections.

Whether the Republicans win or lose their bid for control of Congress, there is a tax bill ahead. Enactment of no new tax bill by Congress this year means, probably, that the calendar year 1947 will see the same taxes as in 1946. A new tax program would become effective January 1, 1948.

Secretary of the Treasury Snyder hopes for the maintenance of reasonably high taxes in order to combat inflationary trends and to reduce the huge deficit. The political practicalities would seem to make such a hope futile. Dependent upon Treasury financing is the fate of Reserve Board proposals which would rewrite some banking law, regarding bank reserves and government portfolios. The political crystal ball on that subject remains clouded.

A.I.B. Chapter Sells Bank Careers

(CONTINUED FROM PAGE 41)

(2) Banks would make available to the classrooms a list of talks on commercial subjects and banking.

(3) Visits of classes to banking rooms were urged.

(4) A "Banker's Day" for students most likely to succeed in banking (selected by the business education departments) was established.

(5) An essay contest was arranged for the Banker's Day guests on a subject pertaining to banking, prizes to be $100, $50, and $25 for the best three essays entered.

MAY 14, 1946, saw the first annual Banker's Day program in the Los Angeles City schools, where bank men entertained as their guests 100 students and 25 faculty members representing all the schools in the city. The purpose was advertised: to aid the schools in their commercial education program and to stimulate interest in banking among the students of Los Angeles.

The day began with a welcome from Arnold M. Tyssee, the Los Angeles chapter president at that time, and present manager, Hope-Olympic branch, Bank of America. The topic of the essay was announced: "What I Learned About Banks on Banker's Day."

An inspection of banks followed. Twenty junior executives took the 100 students through downtown offices where designated sections of the banks were inspected and where students participated in the operations of these sections.

The afternoon session was devoted to instructive talks delivered by the superintendent of schools, students, and bank executives.

RESULTS of the Banker's Day program?

The school people, both faculty and students, discovered that bankers are quite human and also have hearts.

The bankers learned that the teachers are not dyed-in-the-wool and are also quite human.

The Los Angeles Chapter of the A.I.B. considers that it has made a good start, but that there is still much to be done. The members hope to establish banking classes in the schools as a major step in their future program.

The Los Angeles Chapter proposes getting off the defense and putting its efforts into the offense that will firmly establish the importance of banking, in addition to breaking down any imaginary prejudice against banking as a career.

No woman ever makes a fool out of a man without his full cooperation.

When the workmen of Europe, South America and Asia start going to work in large numbers in their automobiles, they will understand the meaning of capitalism and free enterprise.

There is a great deal of difference between a flat head and a level head.

CONDENSED

STATEMENT OF CONDITION

At the Close of Business June 29, 1946

ASSETS

Cash on Hand and with Federal Reserve Bank	$60,425,397.76	
Due from Other Banks	7,130,002.09	
United States Government Securities	208,534,595.52	$276,089,995.37
Other Bonds and Debentures		349,500.00
Other Securities		11.00
Stock in Federal Reserve Bank		360,000.00
Loans and Discounts		20,144,932.35
Bank Premises, Furniture and Fixtures		4.00
Other Real Estate		5.00
Customers' Liability on Letters of Credit and Acceptances		420,073.10
Customers' Liability Under Loan Commitment Agreements		1,728,937.34
Interest Accrued and Uncollected on Loans and Securities		26,474.01
Interest Accrued and Uncollected on U. S. Government Securities		618,243.61
Total		$299,738,175.78

LIABILITIES

Deposits:		
Demand	$174,050,863.34	
Time	75,157,765.31	
Public Funds and U. S. War Loan Deposit Account	33,904,977.71	$283,113,606.36
Letters of Credit and Acceptances		539,768.23
Loan Commitment Agreements		1,728,937.34
Interest Collected but Unearned		20,975.03
Reserved for Dividends, Taxes and Insurance		482,919.81
Reserved for Interest		1,969.01
Capital Paid In	6,000,000.00	
Surplus	6,000,000.00	
Undivided Profits	1,850,000.00	13,850,000.00
Total		$299,738,175.78

THE FARMERS AND MERCHANTS NATIONAL BANK LOS ANGELES

BANK IN SOUTHERN CALIF.

FOURTH & MAIN STREETS (54)

Member:
Federal Deposit Insurance Corporation
Federal Reserve System

WINGS for *Your Transit Items*



● Your collection items never rest in the Commerce. They are speeded on their way with a swiftness that means a saving of hours—even days.

24-hour transit service every business day. Direct sending of items unequaled in the United States. This is especially profitable to our correspondents on "Street" collections. This unusual service awaits you.

Commerce Trust Company

KANSAS CITY, MISSOURI

Established 1865

Member Federal Deposit Insurance Corporation

Sugar Coated Socialized Banking

THE blanket guarantee of bank loans to business now being offered to banks by the Reconstruction Finance Corporation was characterized as "a sugar coating of the socialization of banking," by Robert M. Hanes, chairman of the Small Business Credit Commission of the American Bankers Association, at the annual Carolina Bankers Study Conference at the University of North Carolina, Chapel Hill.

He warned that "if banks follow this plan extensively it can mean that eventually the government will take over all banking."

Mr. Hanes, who is president of the Wachovia Bank and Trust Company at Winston-Salem, North Carolina, is also a past president of the American Bankers Association.

"There is now considerable argument taking place between Henry Wallace, Secretary of the Department of Commerce, and the Reconstruction Finance Corporation," he said, "as to which will do the lending job for small business, and each will probably try to outbid the other in attempting to take charge of this function. In the meantime, the RFC is offering to banks an automatic blanket guarantee up to 75 per cent of the amount of loans made to business. This blanket guarantee arrangement is merely a sugar coating of the socialization of banking. If the banks follow this plan extensively, it can mean that eventually the government will take over all banking.

"We regret that we do have some riskless bankers who would avoid their responsibility of taking ordinary business risks and some who might wish to make more profit by carrying a larger loan with such guarantee than they could otherwise. Such bankers, I believe, will let themselves in for another wave of criticism when our economy ceases its upward movement and starts on the downward trend again. When that happens, it will be found that the RFC cannot indiscriminately continue to guarantee loans at a rate of ¾ of 1 per cent or less which it receives for its guarantee. Losses must follow in a declining economy, and the taxpayer will find that he will have to pay the bill."

Mr. Hanes pointed out that the allegation that banks are not performing their lending functions is not new and that they were subjected to this criticism during the depression of the 30's. He told how this charge was exploded by a survey made in 1940 in which 5,000 banks participated. The survey showed, he said, that these banks, approximately one-third of the nation's banks, made 24 million loans totaling $39 billion, the average loan being for $1,600.

"In comparison with this tremendous total, all the lending of all the government agencies paled into insignificance," he said. "The critics found that the banks were meeting the credit needs of the country and were taking care of small business in a big way."

STATING that "we are determined that chartered banking will do the postwar credit job in the same creditable manner that it financed both the Government and business during the War," Mr. Hanes told about the postwar credit plan for business which the American Bankers Association has been promoting among the banks for the past two years.

"For some time there has been an insistent demand on the part of certain leaders in government to establish in this country what is known as a controlled or managed economy," he continued. "This means government operation of banks, insurance companies, and other financial institutions. If this is brought about, it will mean that government will also control all business, for business will then have to go to the government for its credit needs, and government will dictate how business is to operate.

IN the past, every time the socialization of a government has been accomplished, the first essential step was to get control of the financial institutions. It happened in Russia, in Germany, in Italy, and in Spain. Now England, with its socialist government, has embarked on the same course by taking over the Bank of England and threatening to take over the large banks in that country.

"Here in the United States we have been following this same pattern. We now have 36 government agencies making loans to farmers, businesses, and individuals. We must work to stop this socialization of our financial institutions."

Each big strike is settled—on the consumer.

STATEMENT *of* CONDITION
AT THE CLOSE OF BUSINESS JUNE 29, 1946

RESOURCES

Cash on hand and due from Federal Reserve and Other Banks		$ 41,612,979.94
U. S. Government Securities	$ 63,485,017.94	
Federal Reserve Bank Stock	180,000.00	
Other Securities	4.00	63,665,021.94
		49,792,072.26
Loans and Discounts		1,650,000.00
Union Bank Building and Customer Auto Park		1.00
Other Real Estate Owned		1.00
Safe Deposit Vaults		1.00
Furniture and Fixtures		2,149,643.34
Customers' Liability under Letters of Credit and Acceptances		14,890.66
Other Resources		
Total		$158,884,611.14

LIABILITIES

Capital	$ 3,500,000.00	
Surplus	3,500,000.00	$ 8,329,628.98
Undivided Profits	1,329,628.98	498,794.71
Reserved for Contingencies		
Reserved for Interest, Taxes, Dividends, etc.		1,116,161.62
Liability under Letters of Credit and Acceptances		2,537,811.06
Discount Collected—unearned		217,766.69
Other Liabilities		332,958.29
DEPOSITS: Demand	106,324,654.13	
DEPOSITS: Time	27,792,186.08	
DEPOSITS: United States war loan deposits and other public funds	11,734,649.58	145,851,489.79
Total		$158,884,611.14

United States Government obligations carried at $16,232,000.00 in the foregoing statement are pledged to secure public funds and for other purposes required by law.

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UNION BANK & TRUST CO.
OF LOS ANGELES *The Bank of Personal Service*
EIGHTH & HILL, LOS ANGELES

Member Federal Reserve System · Member Federal Deposit Insurance Corporation

Helping the Farmer Keep Books

(CONTINUED FROM PAGE 52)

able to do, and thus a chance to make their farm records work for them in better farm management.

For example, by monthly notation of the number of cows in the herd and, at the end of the year, of the estimated amount of butter fat used in the home, our farm friends can now answer the question which our book asks: "How Good Are Our Cows?" Our book suggests, by way of a challenge, that "Good cows will produce 300 to 400 pounds of butter fat a year." We ask the same question and give easy opportunity for an easy answer so far as it concerns the number of eggs produced per hen per year. We think that the question and the simplicity of the method will induce more people to seek the answer of their own production record.

IT is this general approach that we have developed into what we might call a Greene County Farm Record Group—a new service of our bank. We give our farm customer one of the account books; we mail him monthly the two main sheets from one of the popular farm services with its comments on markets and probable trends; we set the book up for him at the start of the year with inventories, depreciation schedules and net worth statement all filled in. We post his entries for him for one month, if he needs help in getting started. Then during the year he does his own posting, coming to us as needed for suggestions. In our case, this is easier for him than with many bank customers because of our special form checks and because we return all deposit tickets with the monthly statement—and show on them the source of the income deposited.

At the end of the year we run the totals on the various accounts in the book, gather some supplementary information needed, such as crop production, take off the totals from his book so we can combine them with similar figures from the other 50 men taking the service, and give our customer back the averages of the group for this item and that, in addition to his own figures. He does not know the figures for any other one man and they do not know his figures, yet he can check his performance on any of the items listed as against the group.

In addition to figuring his localized 1040F or farm schedule form for him on a cash basis, if he makes his income tax reports on that basis, we also figure his business on the inventory form, for we think that there is a great difference between a farmers cash "take" and his income, and we want him to know what he has really done in profit production.

The comparisons we will give him at the end of the year will be his production per cow, per hen, per acre, his gross income, expenses and net income, his machinery and equipment cost per acre, his livestock returns for each $100 worth of feed, his gross profits per man working, and other items of interest—all as compared with similar figures from other men operating in the area.

To make these comparisons of greater value, we expect to hold one of those duck dinners, where they bring the duck—and where we furnish the coffee, ice cream, a room and a leader. We will not bother the man whose results are below average, but will look over at the man whose livestock returns for each $100 worth of feed are at the top and ask him to tell us how he did it. Others there will have questions too. We do the same thing on crop production, cream and egg production, on various farm operating costs, etc. At no place do we try to tell anyone how to run his own farm, but hope that those who find they need improvement will be apt to say: "If that fellow can do that, I can do it too."

WE think this service will help make our farmer friends better farmers. We think that it will give each man a chance to find where he might be able to improve his own performance. We think it will widen the lending field by making better farmers of our friends—and we think that it will make more and better friends for the bank which gives them this service. We are not sure we have the fee set at the right figure, but think that the $10 per year charge will pay the bill for those who need more help than average and make us some profit for those who can do most of it themselves.

The basic plan of farm accounting with comparisons of performance is something that is, as far as we know, brand new as a bank service. The plan is based on several years of farm accounting actually done in our bank (which service we continue for those who want it) and on the comparison service as rendered to a limited number of farmers by our college Farm Business Association.

Experience
Service
Cooperation

Manned by officials with years of experience, our Correspondent Bank Division renders a complete service, conducted in an intimate and personalized manner.

The guiding policy is one of cooperation in all matters of mutual interest.

The Public National
BANK AND TRUST
COMPANY OF NEW YORK
ESTABLISHED 1908

Member: New York Clearing House Association, Federal Deposit Insurance Corporation



In boom or depression
... in Peace or War ...
always at the forefront
of Banking Service in
Baltimore since 1894

MARYLAND
TRUST COMPANY
BALTIMORE
HEYWARD E. BOYCE, President

Member Federal Reserve System and Federal Deposit Insurance Corporation

BANKING'S *Advertisers* — *August 1946*

AETNA LIFE AFFILIATED COMPANIES....Cover II
Wm. B. Remington, Inc.

AMERICAN APPRAISAL COMPANY..... 31
Klau-Van Pietersom-Dunlap Associates, Inc.

AMERICAN INSTALLMENT CREDIT CORPORATION..... 64
Wendell P. Coltan Company

AMERICAN INSURANCE COMPANY..... 25
Charles Dallas Reach Co.

AMERICAN NATIONAL BANK, Nashville, Tennessee..... 31
C. P. Clark, Inc.

AMERICAN TRUST COMPANY OF SAN FRANCISCO..... 84
Leon G. Livingston Advertising Agency

ANACONDA COPPER MINING COMPANY Cover IV
Ivey & Ellington, Inc.

ANGLO CALIFORNIA NATIONAL BANK OF SAN FRANCISCO..... 82
McCann-Erickson, Inc.

BANCO COMERCIAL ANTIOQUENO..... 18
Albert Frank-Guenther Law, Inc.

BANKERS TRUST COMPANY..... 22
Cowan & Dengler, Inc.

BANK OF AMERICA N.T. & S.A..... 75
Charles R. Stuart, Inc.

BANK OF MONTREAL..... 4
Doremus & Company

BANQUE DE BRUXELLES..... 113

BURROUGHS ADDING MACHINE COMPANY 28
Campbell-Ewald Company

CALIFORNIA BANK..... 88
The Mayers Company

CANADIAN BANK OF COMMERCE..... 11
Scovil Advertising Company

CENTRAL HANOVER BANK & TRUST COMPANY..... 73
Edwin Bird Wilson, Inc.

CENTRAL NATIONAL BANK, CLEVELAND... 76
Fuller & Smith & Ross, Inc.

CHASE NATIONAL BANK OF THE CITY OF NEW YORK..... 16
Doremus & Company

CITIZENS NATIONAL BANK OF LOS ANGELES 109
Hixson-O'Donnell Advertising, Inc.

CLEVELAND TRUST COMPANY..... 96
Meldrum & Fewsmith

COMMERCE CLEARING HOUSE, INC..... 26

COMMERCE TRUST COMPANY..... 115
Potts-Turnbull Company

COMMERCIAL CONTROLS CORPORATION. 60
Hutchins Advertising Company, Inc.

CONTINENTAL ILLINOIS NATIONAL BANK & TRUST CO. OF CHICAGO..... 53
Dancer-Fitzgerald-Sample, Inc.

CRANE & CO..... 10
Calkins & Holden

DEFOE SHIPBUILDING COMPANY..... 19
Butler A. Sumner, Inc.

DE LUXE CHECK PRINTERS, INC..... 6
Presba, Fellers & Presba, Inc.

DEPARTMENT OF WATER & POWER..... 12
Buchanan & Company, Inc.

DEVINE & CO., C. J..... 4
Doremus & Company

DOWNEY CO., C. L..... 111
The Ridgway Company

EQUITABLE TRUST COMPANY..... 11
Van Sant, Dugdale & Company, Inc.

FARMERS & MERCHANTS NATIONAL BANK OF LOS ANGELES..... 115
Elwood J. Robinson

FIFTH THIRD UNION TRUST COMPANY..... 95
Ralph H. Jones Company

FINANCIAL ADVERTISERS ASSOCIATION... 87
Leon G. Livingston Advertising Agency

FIREMAN'S FUND INSURANCE CO..... 20
Garth-Pacific Advertising Agency

FIRST NATIONAL BANK OF CHICAGO..... 74
Foote, Cone & Belding

FIRST NATIONAL BANK IN DALLAS..... 106
Rogers & Smith

FIRST NATIONAL BANK & TRUST COMPANY OF OKLA. CITY..... 97
Erwin, Wasey & Co.

FIRST NATIONAL BANK AND TRUST COMPANY, TULSA..... 103
Stanley J. Ehlinger

FLORIDA NATIONAL BANK..... 119
Newman, Lynde & Associates, Inc.

FORT WORTH NATIONAL BANK..... 105

FOX RIVER PAPER CORP..... 29
Scott-Telander

FULTON NATIONAL BANK..... 107
Purse Company

GUARANTY TRUST COMPANY OF NEW YORK..... 89
Albert Frank-Guenther Law, Inc.

HAMMERMILL PAPER COMPANY.....Cover III
Batten, Barton, Durstine & Osborn, Inc.

HARRIS TRUST & SAVINGS BANK..... 92
Wallace-Ferry-Hanly Company

HERRING HALL MARVIN SAFE COMPANY 21
Wiesen-Hart

HOME INSURANCE COMPANY..... 27
Albert Frank-Guenther Law, Inc.

HORNBLOWER & WEEKS..... 81
Abbott Kimball Co., Inc.

INTERNATIONAL BRONZE TABLET CO., INC. 113
Will Burgess and Company

INTERNATIONAL HARVESTER COMPANY, INC..... 32
Aubrey, Moore & Wallace, Inc.

INVESTORS SYNDICATE..... 107
Batten, Barton, Durstine & Osborn, Inc.

IRVING TRUST COMPANY..... 62
J. Walter Thompson Company

KELLY, JAMES (Numismatist)..... 113

LAMONTE & SON, GEORGE..... 2
Samuel Croot Co., Inc.

LAWRENCE WAREHOUSE COMPANY..... 24
L. C. Cole Advertising

MANUFACTURERS TRUST COMPANY, NEW YORK..... 85
McCann-Erickson, Inc.

MARINE TRUST COMPANY OF BUFFALO.. 18
Batten, Barton, Durstine & Osborn, Inc.

MARYLAND TRUST COMPANY..... 117
The Emery Advertising Co., Inc.

MASSEY-HARRIS CO..... 15
Klau-Van Pietersom-Dunlap Associates, Inc.

MAYFAIR HOTEL..... 113
Gardner Advertising Company

MERCANTILE-COMMERCE BANK AND TRUST COMPANY..... 86
Oakleigh R. French and Associates

MERRILL LYNCH, PIERCE, FENNER & BEANE.. 78
Albert Frank-Guenther Law, Inc.

MINNEAPOLIS MOLINE POWER IMPLEMENT CO..... 72
Graves & Associates

NATIONAL BANK OF DETROIT..... 90
J. L. S. Scrymgeour

NATIONAL BOARD OF FIRE UNDERWRITERS 30
MacFarland, Aveyard & Company

NATIONAL CITY BANK OF CLEVELAND..... 102
McCann-Erickson, Inc.

NATIONAL CITY BANK OF NEW YORK.... 69
J. Walter Thompson Company

NEW YORK TRUST COMPANY..... 77
McCann-Erickson, Inc.

NORTHERN TRUST COMPANY, THE..... 98
J. Walter Thompson Company

OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY..... 31
The Blakemore Company

OTIS ELEVATOR COMPANY..... 14
G. M. Basford Company

PARSONS PAPER COMPANY..... 3
Wilson, Haight & Welch, Inc.

PHILADELPHIA NATIONAL BANK..... 67
Albert Frank-Guenther Law, Inc.

PITTSBURGH PLATE GLASS COMPANY..... 7
Batten, Barton, Durstine & Osborn, Inc.

POLK, & CO., R. L..... 9

PUBLIC NATIONAL BANK & TRUST COMPANY OF NEW YORK..... 117
Rose-Martin, Inc.

PURINA MILLS..... 8
Gardner Advertising Company

PURSE COMPANY, THE..... 65

RECORDAK CORPORATION (SUBSIDIARY OF EASTMAN KODAK COMPANY).....56–57
J. Walter Thompson Company

REMINGTON RAND, INC. (SYSTEMS)..... 5
Leeford Advertising Agency

REPUBLIC NATIONAL BANK, DALLAS..... 91
Tracy-Locke Advertising Company, Inc.

ROYAL BANK OF CANADA..... 6
Albert Frank-Guenther Law, Inc.

ST. LOUIS TERMINAL WAREHOUSE COMPANY..... 94
Christy Humburg Advertising Agency

SEATTLE-FIRST NATIONAL BANK..... 79
Pacific National Advertising Agency

SECURITY FIRST NATIONAL BANK..... 93
Dana Jones Company

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY..... 13
Needham, Louis & Brorby, Inc.

TENSION ENVELOPE CORPORATION..... 111
Abbott Kimball Co., Inc.

TODD, DR. JOHN D. (Geologist)..... 111

UNION BANK & TRUST COMPANY..... 116
Milton Weinberg Advertising Co.

UNITED STATES BRONZE SIGN CO., INC... 111
Ray-Hirsch & Waterston

UNITED STATES FIRE INSURANCE COMPANY..... 83
Parker-Allston Associates, Inc.

VALLEY NATIONAL BANK..... 104
Advertising Counselors of Arizona

WALDORF ASTORIA HOTEL..... 191
Kenyon & Eckhardt, Inc.

Combined Statements of Condition

FLORIDA NATIONAL GROUP OF BANKS

RESOURCES		June 29, 1946		June 30, 1945	
Loans and Discounts		$ 61,546,614.08		$ 45,448,292.33	
Banking House & Furniture Including Office Bldgs.		5,171,345.98		5,134,542.44	
Other Real Estate Owned		126,318.39		302,104.28	
Prepaid Expenses		53,337.01		38,852.63	
Other Resources		23,313.92		4,695.10	
Customers' Liability a/c Letters of Credit		328,604.18		485,145.45	
Accrued Interest and Income Receivable	$ 1,334,278.71		$ 879,612.32		
U. S. Government Securities	184,134,924.59		151,370,554.01		
Florida County and Municipal Bonds	22,905,037.52		23,095,245.16		
Federal Reserve Bank Stock	476,100.00		380,950.00		
Other Securities	1,319,929.14		1,271,732.46		
Cash on Hand and Due from Banks	97,221,644.45	307,391,914.41	100,249,998.70	277,248,092.65	
		$374,641,447.97		$328,661,724.88	

LIABILITIES				
Capital Stock	$ 6,925,000.00		$ 6,825,000.00	
Surplus	10,195,000.00		6,721,000.00	
Undivided Profits	1,329,754.34		1,122,238.02	
Reserves	1,671,882.22		1,353,614.24	
Reserve for Income Tax	1,515,474.60		1,079,241.40	
Dividends Declared, not yet payable	4,187.50		12,187.50	
Bills Payable	750,000.00		1,400,000.00	
Other Liabilities	249.00		240.99	
Interest and Income Collected, not Earned	181,372.62		104,117.59	
Letters of Credit	362,139.80		495,283.64	
Deposits:				
U. S. Government	$ 19,790,900.68		$ 30,728,789.25	
All Other Deposits	331,915,487.21	351,706,387.89	278,820,012.25	309,548,801.50
		$374,641,447.97		$328,661,724.88

FLORIDA NATIONAL GROUP of BANKS

FLORIDA NATIONAL BANK of Jacksonville

FLORIDA NATIONAL BANK & TRUST COMPANY at Miami

FLORIDA BANK & TRUST COMPANY at Daytona Beach

FLORIDA BANK at Chipley

FLORIDA NATIONAL BANK at Lakeland

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FLORIDA NATIONAL BANK at Ocala

FLORIDA NATIONAL BANK at Belle Glade

FLORIDA BANK at Starke

FLORIDA NATIONAL BANK at Key West

FLORIDA BANK at Fort Pierce

FLORIDA NATIONAL BANK at Bartow

FLORIDA NATIONAL BANK at Coral Gables

FLORIDA BANK at Port St. Joe

FLORIDA NATIONAL BANK at St. Petersburg

FLORIDA BANK at Orlando

FLORIDA BANK & TRUST COMPANY at West Palm Beach

THE CONDITION OF BUSINESS

(CONTINUED FROM PAGE 36)

Material and merchandise shortages are cited as the main obstacles to more rapid improvement. There has been a distinct tendency for this group to revise its estimates downward for near term business, not because of a lack of customers but a lack of goods.

Household Appliances

(1) *How is your present volume of business compared to:*
(Percentage of answers)

Prewar		*Last Year*	
Above	*Below*	*Above*	*Below*
53%	47%	89%	11%

(2) *How much greater volume of business do you expect to be doing in:*

Six Months							
0%	*10%*	*25%*	*50%*	*75%*	*100%*	*200%*	*Over 200%*
5	20.5	39.5	17.5	2.5	15		

One Year							
0%	*10%*	*25%*	*50%*	*75%*	*100%*	*200%*	*Over 200%*
6	12	16.5	42.5	6	8.5	8.5	

Two Years							
0%	*10%*	*25%*	*50%*	*75%*	*100%*	*200%*	*Over 200%*
6	6	22	20	9	37		

(3) *Is lack of credit or financing accommodations a factor?*

Yes	*No*
0%	100%

Hardware

Hardware dealers continue to report good business with only a minor fraction having a volume under a year ago and under prewar. Consequently the estimate of this group regarding future improvement is tempered and modest. A 10 to 30 per cent rise in the next two years is about all that the majority of dealers will hazard.

Agricultural Implements and Feed

Our interviews recorded quite a change toward the cautious side by dealers in agricultural implements and feed compared with three months ago. More than half foresee no improvement in six months and about one-fourth could see no betterment in two years. The rest of them saw small improvement ranging up to 50 per cent with of course a sprinkling of optimists for the long term.

Real Estate

Real estate is in a category by itself these days and with volume running much over last year and prewar there is an inclination among many dealers not to be too sanguine about future expansion. This represents a considerable change from three months ago when a substantial number expected anywhere from 10 per cent to 25 per cent improvement in the period from six months to two years ahead.

Real Estate

(1) *How is your present volume of business compared to:*
(Percentage of answers)

Prewar		*Last Year*	
Above	*Below*	*Above*	*Below*
98%	2%	85%	15%

(2) *How much greater volume of business do you expect to be doing in:*

Six Months							
0%	*10%*	*25%*	*40%*	*50%*	*75%*	*100%*	*Over 100%*
54	28	12		6			

One Year							
0%	*10%*	*25%*	*40%*	*50%*	*75%*	*100%*	*Over 100%*
37	30	20	3	7		3	

Two Years							
0%	*10%*	*25%*	*40%*	*50%*	*75%*	*100%*	*Over 100%*
30	18	33		11	4	4	

(3) *Is lack of credit or financing accommodations a factor?*

Yes	*No*
10%	90%

Department Stores

The great majority of department stores, 96 per cent in fact, report better business than a year ago and prewar and a substantial number expect anywhere from 10 per cent to 30 per cent improvement in the next two years. Half of them said that a shortage of goods was the chief brake on the wheels of progress.

General Contractors

The business of many general contractors seems to have fallen off since our interviews last April. And their expectations likewise have had a minor tailspin. At that time only one out of 34 predicted no improvement in six months while today about half of them feel that way. That does not mean that this sector lacks optimists, for when they were asked to forecast conditions a year or two hence we find a third of them expecting a 50 per cent rise inside of a year. Material shortages and labor difficulties account for most of this relatively cautious outlook.

Clothing

Clothing stores along main street continue to enjoy what is probably the happiest combination of all; good present volume and great expectations. Business has improved substantially in this category in the past three months with only one in 20 reporting business under a year ago and prewar. A large majority expect from 10 to 50 per cent increases in the next two years. Half of them say 10 per cent in six months. Merchandise shortage, of course, is the most commonly mentioned obstacle.

Bank Loans

The outlook for loans among banks interviewed is on the whole very good. Less than a third characterized the prospect as only fair with the prevailing opinion being one of optimism about loans to all important categories of commercial borrowers.

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION
AUGUST 1946



The Graduate School of Banking—Summer 1946

PUBLISHED IN TWO SECTIONS • SECTION TWO



Seniors at a class in Banking and Government. In the front row, second from the left, is Martin J. Travers, assistant vice-president of the Marine Trust Company, Buffalo, N. Y., and president of this year's senior class

(The cover photo of this Section was made in an investment class under Murray Olyphant, assistant vice-president, Chemical Bank & Trust Company, New York)

A dining hall scene during one of the busiest periods of the day

PHOTOS BY PIX, INC.





The office of the director of the school was the scene of many informal gatherings. *Left to right* (*seated*): Kellam Hooper ('48), Bank of New York, New York City; Francis C. Lexa ('46), Mercantile-Commerce Bank and Trust Company, St. Louis; Alexander Wall, faculty; Dr. Harold Stonier, director. Standing is William A. Irwin, assistant director

". . . a Better Job as Bankers and Citizens . . ."

WITH the graduation June 28 of the 168 members of the Class of 1946, The Graduate School of Banking, conducted by the American Bankers Association, brought to a close its 12th annual summer resident session. For the first time since 1942, the 682 students attending this year were on the Rutgers campus, the sessions of the intervening years having been held on the campus of the New Jersey College for Women.

The commencement exercises included the presentation of the class gift to Rutgers University; the singing of the school hymn, "When the Mists Have Rolled Away"; presentation of the diplomas by Loring L. Gelbach, chairman of the Board of Regents of The Graduate School of Banking, who is president of the Central National Bank of Cleveland; awarding of the Richard W. Hill award to the oldest man in the class to complete successfully the course; and a charge to the class by Dr. Harold Stonier, director of the school.

This commencement "marks an end to your classwork, your extension problems, and your thesis writing," Dr. Stonier told the class in his charge. "It is also an end to many happy hours of friendly association on this campus. It is an end, but is also a beginning. This school was not designed to be an end in itself. It exists only that through its work those who come here as students and leave as graduates may somehow, somewhere, do a better job as bankers and citizens in the banks and in the communities where they reside."

". . . This commencement differs from college occasions of a similar character. College students are not engaged in business or professional life. You are. In years they are younger. But you are not old. The fact that you have submitted yourselves to this educational endeavor in the midst of your careers is evidence of your mental alertness. Youth is not a time of life. It is a state of mind, it is a temper of the will, a quality of the imagination, a vigor of the emotions. Nobody grows old merely by living a number of years. People grow old only by deserting their ideals. The ideals which surround this school can be expressed in the words on the emblem which as graduates you are now wearing: 'To Live Is to Think!' That message is not alone for those who come here, for it is the hope that through you this ideal may become the guide to banking policy in every section of the country."

CLASS 1946

The Graduate School of Banking

Arnold A. Abbruzzetti
Archie Mitchell Adamson
Nicholas Leonard Agneta
Alfred P. Allen
Earl B. Austin
Geoffrey V. Azoy
N. F. Barrett
Conrad Donald Barto
Wilbert James Becker
Joseph F. Binns
William L. Blake
E. Russell Bonsall
Lyon Boston
Charles E. Boudousquie
Robert G. Brandely
John S. Bridges, 3rd
George P. Broghamer
Ernest C. Brown
Robert Malcolm Brown
Salmon Brown
Randolph H. Brownell
James Howard Burnum
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Paul Albert Carr
Thomas L. Carroll
Corley Chapman
Lawrence Y. Chapman
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B. W. Durham
Gerald W. Dwyer
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Eugene Edward Fincke
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Clair E. Fultz
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John M. Hare
Willard F. Heisler
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Wiley H. Holloway
Harold J. House

J. Hayden Hull
Robert Emmet Jensen
Clarence A. Jessell
Oscar L. Johnson
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Edwin H. Jones
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Alois Kaufmann
Theodore J. Kegelman
John J. Kinsella
Frederick M. Knieriem
Roy R. Kuntz
Clarence T. Laibly
Patrick Reynolds Larkin
Howard B. Lee
W. Leroy Lewis
Francis C. Lexa
Charles J. Lyon
Thomas F. McMahon
Joseph E. Magnant
Edward A. Maher
Thomas Malpass, Jr.
Martell Marler
Howard Lee Mason
Charles G. Mathews
Allen Forsythe Maybee
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John Dean Minor
James Edwin Mitchell

Paul Irvin Mogel
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Howard E. Murkett
John Francis Murphy
M. Monroe Myers
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John Logan O'Halloran
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Earl C. Randles
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Charles Edward Rogers
William H. Ronald, Jr.
Arthur T. Roth
Elmer F. Schafer
Elmer Secret Schicker
H. W. Guy Seay
Elmer F. Shumaker
Roger J. Sinnott
John Harrison Sipple
Luke T. Smith
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Roger M. Spalding

Stanley A. Stamberg
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Rea Steele
Harold H. Stellhorn
Lynn D. Swinehart
Elmer A. Tabbert
Terrell O. Taylor, Jr.
Charles E. Theroux
Elton Horace Thompson
Henry C. Thompson, Jr.
Martin J. Travers
Arthur J. Voute
Charles H. Wadsworth
Joseph Bidgood Wahmann
Raymond Alan Waters, Sr.
Andrew N. Webster
Max Weiner
Sanders E. Wessler
Alfred Adams Weyer
George Macy Wheeler
Melvin E. White
Robert Whytock
Walter D. Wightman
Leon I. Williams
J. Russell Willison
R. Paul Wilson
Raymond L. Winstead
George C. Wolf
Thomas E. Woods
John H. Wurts
William J. Zirkel
Harold T. Zuecca







Above: Campus and dining hall scenes



In the dining hall



Faculty Member T. J. Herbert



Registrar Powers and assistants

Administrative staff



A class of first-year men









Above: Scenes in the dining hall, where seminars were frequently held



Campus



Assistant Registrar Johnson and thesis collection



The postoffice

Savings Management Minor

Note-taking in Gilbert T. Stephenson class

ALL PHOTOS FROM PIX, INC









Above: Faculty sitting room and relaxation on the campus. *Below:* Investment class and commercial banking panel









PHOTOS ABOVE BY CHARLES AGUIS

Above: Commercial banking and consumer credit panels. *Below:* the Glee Club

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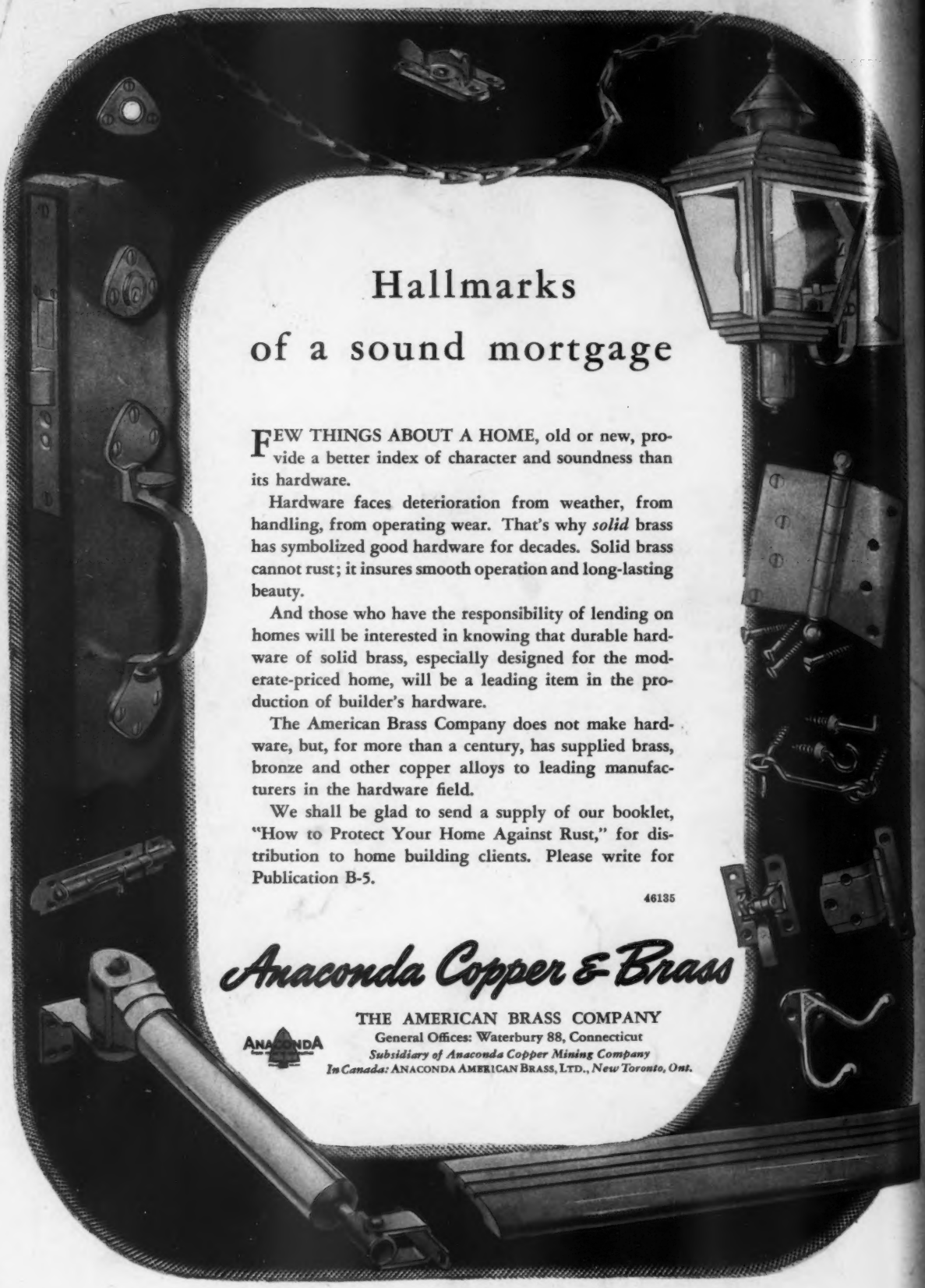
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*Reported in Banking, June, 1946



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